



**LOS ANGELES UNIFIED SCHOOL DISTRICT
CHARTER SCHOOLS DIVISION**

333 South Beaudry Avenue, 20th Floor, Los Angeles, CA 90017
Office: (213) 241-0399 ♦ Prop. 39: (213) 241-5130 ♦ Fax: (213) 241-2054

MICHELLE KING, Ed.D.
Superintendent of Schools

Dr. FRANCES GIPSON
*Chief Academic Officer
Division of Instruction*

JOSÉ COLE-GUTIÉRREZ
Director, Charter Schools Division

NOTICE TO CURE

October 23, 2017

Distributed Via:
Email & Certified U.S. Mail
RESPONSE DUE: 11-01-17

Dr. Manuel Ponce, Governing Board President
Partnership to Uplift Communities (PUC) Schools
1405 North San Fernando Boulevard, Suite 303
Burbank, CA 91504

SUBJECT: NOTICE TO CURE RE: IMMEDIATE ACTION REQUIRED

Allegations of Fiscal Mismanagement and Lack of Internal Controls, Conflicts of Interest, Governance Concerns, and Breach of Charter, for all Charter Schools Under PUC Los Angeles, PUC Lakeview Terrace, and PUC Valley

Charter Numbers (0213, 0331, 0600, 0603, 0797, 0798, 1091, 1092, 1241, 1354, 1626, 1657, and 1820)

Location Codes (8453, 8154, 5313, 8212, 8426, 2024, 7778, 7779, 7732, 7687, 5221, 2282, and 7554)

Dear PUC Schools and Governing Board President Dr. Ponce:

This letter serves as the Charter Schools Division's (CSD) Notice to Cure regarding allegations of fiscal mismanagement and lack of internal controls, conflicts of interest, governance issues, and failure to respond and provide information, for all charter schools under the operation and auspices of Partnership to Uplift Communities ("PUC") Schools, PUC Los Angeles, PUC Lakeview Terrace, and PUC Valley, hereinafter referred to collectively as "PUC."

Pursuant to the California Education Code 47607(c)(1)(C), "A charter may be revoked by the authority that granted the charter under this chapter if the authority finds, through a showing of substantial evidence, that the charter school did any of the following: Failed to meet generally accepted accounting principles or engaged in fiscal mismanagement; violation of law; and material breach of its charter.

Based on concerns raised through the course of oversight, the CSD had previously issued a series of Notices of Concern, subsequent follow up communications, notations in oversight reports, and grounds for denial recommendations for a renewal petition and new petition¹, to PUC Schools

¹ The CSD recommended denial of the PUC Excel renewal petition and the denial of PUC iPrep new petition on February 9, 2016, based on serious and ongoing concerns regarding PUC governance and practices that ran contrary to the approved bylaws, Brown Act, and issues related to conflict of interest or the appearance of conflict of interest. In particular, the findings of fact for denial cited that two board members on the PUC regional board concurrently served on the PUC National board calling into question potential conflicts of interest and unclear division of roles

related to the above concerns. On October 15, 2017, the CSD was notified via email by PUC National CEO Jacqueline Elliot that PUC Schools had filed a complaint with the California Fair Political Practices Commission (“FPPC”) regarding conflict of interest concerns and that PUC is investigating the possible misspending of school funds and conflict of interest involving payments made to Partners for Developing Futures and Better 4 You Fundraising. The notification did not include the complaint filed with the FPPC. Only through media articles did CSD obtain the FPPC Complaint and information that approximately \$265,000 in payments was allegedly transferred by Ref Rodriguez to a nonprofit organization Partnerships for Developing Futures and \$20,400 in payments to Better 4 You Fundraising.

Based on the review of the FPPC Complaint, the allegations raised by PUC in the complaint underlie the very concerns raised by the CSD to PUC through notices of concern, oversight and previous denials. Although PUC Schools filed the FPPC complaint on or about October 2017, to report a conflict of interest violation pursuant to the Political Reform Act alleging that Ref Rodriguez in his capacity as a PUC employee authorized and signed multiple checks on behalf of PUC transferring funds to Partnership for Developing Futures and Better 4 You Fundraising, this FPPC Complaint was filed three years after PUC had been placed on notice by the CSD regarding related concerns pertaining to the relationship between PUC and these two organizations. Accordingly, this Notice to Cure raises recurring concerns in light of the recent FPPC Complaint regarding fiscal mismanagement; conflicts of interest; lack of governance by the governing boards of each PUC regional board, leadership, and employees; and, failure to provide the District as the charter authorizer with complete information.

Violations:

1. Fiscal Mismanagement

The FPPC Complaint alleged that Ref Rodriguez participated in several transactions in his official capacity which he had a personal financial interest. (See Attachment 1, FPPC Complaint). The complaint indicated that it appears that Ref Rodriguez was the paid President/CEO of Partners for Developing Futures (“PDF”) based on a review of forms 990, various tax returns, and statements of information filed by PDF with the California Secretary of State. The complaint also states that Ref Rodriguez was also a founder of PUC charter schools which operate under PUC Los Angeles, PUC Lake View Terrace and PUC Valley,² each a California nonprofit public benefit corporation. The period of time that was reported by PUC in the complaint was in 2014 when Ref Rodriguez allegedly requested and/or arranged, on behalf of PDF, and then authorized and signed multiple checks on behalf of PUC, transferring funds to PDF in the amount of approximately \$265,629.86. In addition, the complaint alleges that in early 2014, Ref Rodriguez signed checks transferring PUC or PUC charter school funds to Better for You Fundraising in the amount of approximately \$20,400.

The Office of Inspector General’s Audit report dated April 23, 2015, raised issues pertaining to the maintenance of records and effective monitoring of the school and regional fiscal operations. The OIG audit covered the activities for the period from July 1, 2011 through June 30, 2013.

and fiduciary responsibilities. The Board of Education approved the PUC Excel renewal and PUC iPrep new petitions.

² This notice makes reference to “regional boards” which are PUC Los Angeles, PUC Lake View Terrace, and PUC Valley.

Pursuant to the audit, the CSD issued a Notice of Concern on May 19, 2015, to seek additional information from each of the PUC regional boards as to actions taken to address concerns raised about the boards' oversight of the existing and previous School Administrative Service Agreements between the three regional boards and PUC National. (See Attachment 2, Notice of Concern, May 19, 2015). Pertinent to this instant Notice to Cure, CSD noted as part of oversight that for the 2012/2013 fiscal year all of the PUC schools received a fiscal rating of 2 on the oversight reports. This was caused by continuing issues with providing requested documentation in a timely manner and a finding in the most current audit available (2011/2012) concerning the lack of a systemic method of ensuring that timely and complete monthly reconciliation and closing procedures are followed. Although there had been subsequent improvements, it is evident from the FPPC Complaint that inadequate controls still exist over the organization's fiscal management. It is also concerning that PUC only initiated an investigation and the filing of the FPPC Complaint this year in spite of the issuance of notices of concern, oversight report notations, denial recommendations for two charter petitions, which were continuously raised beginning in 2014.

2. Conflicts of Interest

On January 13, 2015, the CSD sent a Notice of Concern to Dr. Biroc, Dr. Elliot, and Dr. Rodriguez regarding the appearance of a potential conflict of interest, raising the issue of Dr. Elliot and Dr. Rodriguez's dual roles as employees of certain PUC corporations and member of one or more PUC organizations. The CSD noted that Dr. Elliot's participation in and execution of the three School Administrative Service Agreements executed between each of the three PUC regional boards on June 26, 2013 and PUC National may present issues pursuant to Government Code section 1090 and breach of the charters. (See Attachment 3, Notice of Concern, January 13, 2015). On or about June 30, 2015, Dr. Elliot and Dr. Rodriguez resigned from the regional PUC boards in response to the CSD's concerns.

Yet, as revealed by PUC in the FPPC Complaint, there were other conflicts of interest concerns that PUC should have addressed. It seems that PUC only recently investigated and discovered that there had been conflict of interest violations in the execution of contracts between PUC Schools and PDF. The FPPC Complaint states that "although the agreement called for the creation and implementation of a leadership development program beginning in 2012, it is believed that the agreement was not presented to PUC or executed until 2014." (See FPPC Complaint). However, as part of the response to the Notice of Concern binder submitted to CSD on August 14, 2015, PUC submitted an MOU between PUC and PDF signed by Dr. Rodriguez on behalf of PDF and Dr. Elliot on behalf of PUC. The effective date stated in the MOU is July 1, 2012. (See Attachment 4, MOU between PDF and PUC, July 1, 2012). It is perplexing that PUC or Dr. Elliot did not address these conflict of interest issues until now since by the very signatures on the MOU, PUC had to be aware that Dr. Rodriguez was the President/CEO of PDF when the MOU was executed. It is also concerning that services were being rendered pursuant to this MOU beginning in 2012 supposedly without the PUC regional boards' knowledge or approval since PUC asserts that the MOU was not brought before the PUC regional boards until two years later in 2014.

Regarding the statement in the FPPC complaint that PUC was not aware that Dr. Rodriguez had a financial interest in Better 4 You Fundraising, the CSD issued a follow up letter dated July 16, 2015, requesting, in part, that PUC provide a description of the relationship of any of the PUC 501(c)(3)'s or charter schools and the company Better 4 You Fundraising including articles of

incorporation, bylaws, list of current board members for Better 4 You Fundraising. (See Attachment 5, letter from CSD to PUC, July 16, 2015). For PUC to assert in the FPPC Complaint that it was not aware that Dr. Rodriguez had an interest in Better 4 You Fundraising is confounding since they were on notice of a potential conflict of interest issue through the requests made by the CSD pertaining to the relationship between Better 4 You Fundraising and PUC.

These issues show a pattern of disregard and ineffective adherence to conflict of interest laws especially in light of the March 2015 finding from the California Department of Education pertaining to PUC's food nutrition food services contract.

3. Governance and Leadership

Based on the above described concerns over fiscal mismanagement and allegations of conflicts of interest, the CSD is concerned with the overall governance of the PUC organizations and calls into serious question the leadership at the board level and at the executive leadership level in all aspects of operations including fiscal, administrative, and educational. The CSD has serious concerns regarding the lack of capacity and accountability demonstrated by the PUC regional boards and administration and the PUC regional boards' failure to exercise its fiduciary obligations.

4. Failure to Provide Information

Through the course of oversight over the past four years, the CSD has repeatedly requested that PUC provide information regarding PUC National including organization chart, employees, board members, and contracts or services agreements with PUC charter schools and its nonprofit corporations. PUC has consistently refused to provide information about PUC National indicating that PUC National is a private organization. PUC National is listed in the PUC charters as an organization that "was formed by the founders of the PUC school corporations (Dr. Jacqueline Elliot and Dr. Ref Rodriguez) to serve as the support entity for the three existing PUC corporations—Los Angeles, Valley, and Lake View Terrace....The purpose of PUC National is to promote, support, benefit, replicate and carry out the purposes of the existing PUC schools and new PUC schools. These replication and service functions that grew out of the older PUC corporations have now been transitioned and consolidated in PUC National, so that the older corporations can focus on their own day-to-day school operations while PUC National focuses on services and expansion for the greater PUC family. PUC National has 2 - 3 overlapping board members with the other PUC corporations, for continuity of purpose and control through the PUC family. It provides services to the 3 longstanding school entities."

Based on PUC's own account of the establishment of PUC National in its charters, it is unacceptable that it has not provided the requested information to the CSD and instead chooses to withhold information on the basis that PUC National is a private organization and is not part of the CSD's oversight reach. As noted in the above fiscal mismanagement and conflict of interest concerns, the CSD believes that the requested information is relevant to the oversight of the PUC schools and expect all such information is provided as part of PUC's response to this Notice.

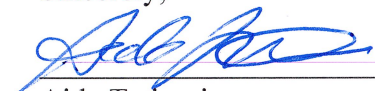
Requested Action:

Based on the information above, the CSD requests that the governing regional boards of PUC take immediate action on the following items and provide responses as well as documentation **no later than close of business on Wednesday, November 1, 2017**. Please number and name the responses and any electronic documents to be provided in correspondence with the items enumerated below.

1. Check register and supporting documents (including but not limited to contracts, purchase orders, check request forms, invoices, and canceled checks) from all PUC schools to (a) Better 4 You Fundraising, (b) Partners Developing Futures (PDF), and (c) PUC National, from the inception of the entities (a), (b), and (c) to date.
2. Organizational chart for all three PUC regional boards and PUC Schools Administration, including PUC National (Support) Management, for 2016-2017 and 2017-2018, including the reporting relationships with PUC regional boards.
3. Complete bylaws, the Articles of Incorporation/ Organization, a list of Board members and employees, Forms 990 filed subsequent to June 30, 2016, and all independent audit reports to date for PUC National.
4. Timeline of PUC Investigation and Reporting to FPPC.
5. Actions taken by the PUC governing regional boards to address fiscal mismanagement, lack of oversight, conflicts of interest, and accountability of its administration, including its contractual relationship with PUC National.

Please know that we consider this matter to be serious and failure to respond and resolve these issues could lead to the issuance of Notices of Violation pursuant to Education Code section 47607(c). If you have any questions or need additional information regarding this Notice, please contact Aida Tatirossian by email at atatiross@lausd.net or via telephone at (213) 241-0361 or Sandra Melendez by email at sandra.melendez@lausd.net or via telephone at (213) 241-0349. Thank you for your cooperation.

Sincerely,



Aida Tatirossian
Specialist



Sandra Melendez
Fiscal Services Manager

Partnership to Uplift Communities

Notice to Cure

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cc: Vivian Ekchian, Acting Superintendent
Frances Gipson
José Cole-Gutiérrez, Director, CSD
Robert Perry, Administrative Coordinator, CSD
James Robinson, Charter Schools Fiscal Administrator, CSD
René Cardona, Senior Coordinator, CSD
Lillian Lee, Fiscal Oversight Administrator, CSD

ATTACHMENT 1

FPPC Complaint

Non-Sworn Complaint – You will not receive any notifications regarding your complaint, but may be contacted for more information. Your complaint is a public document.

Your Contact Information:

Greg Moser, Esq.
Procopio, Cory Hargreaves & Savitch, LLP
525 B. Street, Suite 2200
San Diego, CA 92101
Greg.Moser@procopio.com
619 515 3208

Respondent Information:

Individual

Position/Office Held (if applicable): Paid Officer of Partnerships to Uplift Communities

Jurisdiction (if applicable): Charter School

First Name: Ref

Last Name: Rodriguez

Address:

Email: ref@refrodriguez.com

Phone Number:

Violation Type: Conflict of Interest

Violation Code Section: General Rule 87100

Explanation of Violation: Ref Rodriguez participated in several transactions in his official capacity which he had a personal financial interest.

It appears Ref Rodriguez was the paid President/CEO of Partners for Developing Futures, a Delaware non-profit corporation (PDF), during the relevant periods described here, as indicated in its 2011 and 2012 tax returns, Form 990-PF, filed by PDF. (PDF 2011 and 2012 990-PF) It is believed that PDF did not file tax returns for 2013, 2014, and 2015. However, both the 2013 and 2015 Statements of Information filed by PDF with the California Secretary of State still listed Ref Rodriguez as the CEO. (May 6, 2013, Filed Statement of Information for PDF; February 11, 2015, Filed Statement of Information for PDF)

Ref Rodriguez was also a founder of Partnerships to Uplift Communities (PUC) charter schools, which operate under Partnerships to Uplift Communities Los Angeles, Partnerships to Uplift Communities Lake View Terrace, and Partnerships to Uplift Communities Valley, each a

California nonprofit public benefit corporation. PUC employed Ref Rodriguez in varying capacities from 2008 through 2015. (Employment History of Ref Rodriguez with PUC) Specifically, during 2014, Ref Rodriguez was the paid treasurer of the PUC nonprofit corporations. (Employment History of Ref Rodriguez with PUC)

During 2014, it appears Ref Rodriguez requested and/or arranged, on behalf of PDF, and then authorized and signed multiple checks on behalf of PUC, transferring funds to PDF. (May 30, 2014, PUC Schools Fundraising Check Request Form and Related Records; June 2, 2014, PUC Schools AP Check Request Form and Related Records; June 3, 2014, PUC Schools Fundraising Check Request Forms and Related Records; October 3, 2014, Checks from PUC to PDF) The transfers were ostensibly for “reimbursement” of consulting services related to a program to develop, train, and mentor public school leaders, called the LEAD Program under an agreement between PDF and PUC. (MOU between PDF and PUC, Development and Piloting Leadership for Excellence, Accountability and Diversity)

Although the agreement called for the creation and implementation of a leadership development program beginning in 2012, it is believed that the agreement was not presented to PUC or executed until 2014. The amounts paid by PUC and PUC charter schools to PDF totaled approximately \$265,629.86. (May 30, 2014, PUC Schools Fundraising Check Request Form and Related Records; June 2, 2014, PUC Schools AP Check Request Form and Related Records; June 3, 2014, PUC Schools Fundraising Check Request Forms and Related Records; October 3, 2014, Checks from PUC to PDF)

Secondly, during early 2014, Ref Rodriguez also signed checks transferring PUC or PUC charter school funds to Better 4 You Fundraising, a California corporation. (March 10, 2014, Check from CALS Charter Middle School to Better 4 You Fundraising; May 15, 2014, Check from PUC to Better 4 You Fundraising) It now appears Ref Rodriguez has, and may have had, a financial interest in Better 4 You Fundraising based on his November 6, 2014, Form 700, filed when he took office on the Los Angeles Unified School District school board. If he had an interest in Better 4 You Fundraising in 2014, PUC was not aware of it. These amounts totaled approximately \$20,400.00. (March 10, 2014, Check from CALS Charter Middle School to Better 4 You Fundraising; May 15, 2014, Check from PUC to Better 4 You Fundraising)

An agreement was also entered between LAUSD and PUC/PDF to provide LAUSD services related to the LEAD Program. (December 5, 2014, Agreement for Professional Services between LAUSD, PDF, and PUC) It is believed LAUSD issued a check in an approximate amount of \$27,000.00 to PUC.. The agreement was signed by Ref Rodriguez on behalf of both PUC and PDF. (December 5, 2014 Agreement for Professional Services between LAUSD, PDF, and PUC)

Witness First Name: Jacqueline

Witness Last Name: Elliot

Street Address: PUC Schools Home Office, 1405 North San Fernando Blvd., Suite 303

City: Burbank

State: CA

Zip: 91504

Phone: (818) 559-7699

Email: j.elliott@pucschools.org

Information this Witness Can Provide: Jacqueline Elliot is a co-founder of the PUC organization and may have more records/information related to the transactions.

Witness First Name: Lisa

Witness Last Name: Tovar

Street Address: PUC Schools Home Office, 1405 North San Fernando Blvd., Suite 303

City: Burbank

State: CA

Zip: 91504

Phone: (818) 559-7699

Email: l.tovar@pucschools.org

Information this Witness Can Provide: Lisa Tovar may have more records/information related to the transactions.

ATTACHMENT 2

LOS ANGELES UNIFIED SCHOOL DISTRICT
DIVISION OF INSTRUCTION ♦ OFFICE OF SCHOOL CHOICE
Charter Schools Division

333 South Beaudry Avenue, 20th Floor, Los Angeles, CA 90017
Office: (213) 241-0399 ♦ Prop. 39: (213) 241-5130 ♦ Fax: (213) 241-2054

RAMON C. CORTINES
Superintendent of Schools

DR. RUTH PEREZ
Deputy Superintendent of Instruction



GEORGE BARTLESON
Chief of School Choice

JOSÉ COLE-GUTIÉRREZ
Director, Charter Schools Division

NOTICE OF CONCERN

May 19, 2015

John Biroc, Ph.D.
PUC Board of Trustees President
Partnerships to Uplift Communities (PUC)
1405 N. San Fernando Blvd., Suite 303
Burbank, CA 91504

VIA EMAIL ONLY
drjbiroc@gmail.com

Dear Dr. Biroc,

This letter serves as the Los Angeles Unified School District's Charter Schools Division's (CSD) Notice of Concern and request for information. On May 2, 2015, the District became aware that PUC was investigated by the California Department of Education's (CDE) Nutrition and Services Division pertaining to PUC's food services contract. The investigation was based on a complaint made to the CDE on or about August 8, 2014 and resulted in a March 20, 2015 finding from the CDE imposing required actions that PUC must undertake due to a conflict of interest determination. Contrary to PUC's charter petition which requires PUC to notify the CSD in writing of any citation or notices of workplace hazards, investigations by outside regulatory or investigative agencies, lawsuits, or other formal complaints, within one week of receipt of notices, PUC failed to inform the CSD of the State's investigation and March 2015 findings.

The CDE's investigation and findings, the recent OIG audit, and the CSD's oversight and renewal discussions, have raised additional questions pertaining to PUC's governance, operations, and fiscal management. The CSD accordingly provides this Notice of Concern for PUC to address:

1. **FAILURE TO MAINTAIN THE NUMBER OF BOARD MEMBERS STATED IN APPROVED BYLAWS AND CHARTER PETITIONS**

On January 13, 2015, the Charter School's Division sent a *Notice of Concern* to Dr. Biroc, Dr. Elliot, and Dr. Rodriguez pertaining to the board composition and membership for the PUC organization. In that Notice of Concern, the CSD recommended that the three PUC Regional Governing Boards of Los Angeles, Valley, and Lakeview Terrace expand the diversity of each Board's membership to include and increase the number of members not serving on the PUC National Governing Board and not part of the PUC organization in order to ensure clear division of roles and responsibilities between employee(s) of PUC

National and Board Members serving on any of the local PUC Boards (Lakeview Terrace, Los Angeles and/or Valley). The CSD also raised the issue that PUC was not operating pursuant to its Bylaws which require a minimum of 7 board members. The PUC Board of Trustees approved a Resolution on January 14, 2015 indicating, "NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Corporation that: 1) The Board of Trustees for this corporation shall be seven (7) trustees. 2) Any one or more officers of this Corporation may be, and hereby are, authorized and directed, on behalf of this Corporation, to take all such actions as the may deem necessary or appropriate in order to carry out and accomplish all of the purposes of this resolution."

As part of a response to this Notice of Concern, please provide any and all documentation, including, but not limited to:

- a. an update as to the progress, including agendas and minutes and resumes of newly elected Board Members, in meeting the goal to have seven (7) trustees on each of the three Boards by June 30, 2015

2. CONFLICTS OF INTEREST POLICIES AND PRACTICES

On January 13, 2015, the CSD sent a *Notice of Concern* to Dr. Biroc, Dr. Elliot, and Dr. Rodriguez regarding the appearance of a potential conflict of interest, raising the issue of Dr. Elliot and Dr. Rodriguez's dual roles as employees of certain PUC corporations and member of one or more PUC organization.

When these issues were previously raised in 2010, language in the PUC charter petitions was added to state that employees of PUC National serving on the governing board of a PUC school will recuse themselves from any participation, discussion or voting on the governing Board of the PUC school regarding material transactions with PUC National. A transaction will be considered material which affects the PUC school by \$25,000 or 10% of the revenue or expenses of the school, whichever is greater. The CSD noted that Dr. Elliot's participation in and execution of the three *School Administrative Service Agreements* executed between each of the three PUC regional boards on June 26, 2013 and PUC National may present issues pursuant to Government Code section 1090 and the stipulation in the charter petition as noted above. As the CEO and paid employee of PUC National, Dr. Elliot may be deemed to have a financial interest in the financial transactions between PUC National and the PUC regional boards, of which she is a member.

Similarly, Dr. Rodriguez's dual roles may present a potential conflict of interest based on this employee status with one of the PUC corporations and board member of PUC National.

As part of a response to this Notice of Concern, please provide any and all documentation, including, but not limited to:

- a. A description of the corporate structure of all PUC entities
- b. All bylaws and Articles of Incorporation for all PUC entities
- c. List of board membership and board officers for all PUC entities
- d. Any and all board agendas and minutes pertaining to contracts between the PUC organizations for CMO or any back-office or instructional services
- e. Any and all board agenda and minutes pertaining to the CDE Nutrition investigation
- f. Job descriptions and contracts for all leadership PUC positions such as CEO, CFO, CAO, for all PUC entities
- g. Documentation used to evaluate the ongoing effectiveness of all vendors, including PUC National, in delivering the goods and services agreed upon pursuant to the School Administrative Service Agreements and the monitoring of the contracts by each of the three Governing Boards
- h. Documentation used to evaluate the ongoing effectiveness of contracts with all service providers
- i. The financial amounts paid by each of the three Regional Boards, and the breakdown by schools within each Board to PUC National based on executed contracts and service agreements

In addition, the CSD is requesting an update on the actions being taken by Dr. Elliot and Dr. Rodriguez to submit the agreed upon letters of resignation (by June 30, 2015) from the three Regional Boards as previously stated by Dr. Elliot in the email dated January 21, 2015.

3. BOARD GOVERNANCE AND OVERSIGHT OF SCHOOL ADMINISTRATIVE SERVICE AGREEMENTS WITH PUC NATIONAL

The Office of Inspector General's Audit report dated April 23, 2015, raised issues pertaining to the maintenance of records and effective monitoring of the school and regional fiscal operations. The CSD has reviewed PUC's response and seeks additional information from PUC's Board as to actions taken to address concerns raised about the Regional Boards' Oversight of the existing and previous *School Administrative Service Agreements* between the three Regional Boards and PUC National. For example, CSD noted as part of oversight key items for corrective action:

- Ensuring that all staff members were appropriately trained on mandated Child Abuse and Blood Borne Pathogens trainings during the 2014-15 academic year
- Providing evidence that Advisory School Councils are meeting on a monthly basis at all PUC schools as stated in each school's charter petition

- For the 2012/2013 fiscal year all of the PUC schools received a fiscal rating of 2 on the oversight reports. This was caused by continuing issues with providing requested documentation in a timely manner and a finding in the most current audit available (2011/2012) concerning the lack of a systemic method of ensuring that timely and complete monthly reconciliation and closing procedures are followed. For fiscal year 2013/2014 the timeliness of providing the requested documentation improved and the issue with the monthly reconciliation and closing procedures had been resolved. As a result eleven of the PUC schools received a rating of 3 in the fiscal section of the oversight reports. Only two of the PUC schools received a rating of 2. The oversight reports for the 2014/2015 fiscal year are not yet complete. At this time six of the schools have received a rating of 2 and two schools have received a rating of 3. The lowered ratings are due primarily to requested documents not being submitted and the required EPA information not being provided on the school's website.
- As well as scores of "1 – Unsatisfactory" at two PUC schools in the area Organizational Management and Operations reflecting the lack of child abuse training of school employees and an employee hired prior to DOJ clearance

As part of a response to this Notice of Concern, please provide any and all documentation, including, but not limited to:

- a. Agendas and minutes highlighting Board discussions pertaining to systems, procedures as well as the successful implementation of the following relating to all PUC schools: 1) Child Abuse Trainings; 2) Blood Borne Pathogens Trainings; 3) School Advisory Councils; and 4) Review and discussion of CSD oversight scores and each school's *CSD Annual Performance-Based Oversight Visit Report*
- b. A written assurance that all employees have been Child Abuse and Blood Borne Pathogens trained, as well as steps the Governing Boards have taken to ensure compliance at all times with provisions in the charter petition, state law, and LAUSD Board Policy at all school sites.
- c. Steps taken by each Regional Board to address the issues related to fiscal controls and timeliness of fiscal document submission.

Furthermore, the Charter Schools Division's *Notice of Concern* dated January 13, 2015, noted that the high frequency of special meetings compared to regular meetings which makes it difficult to encourage participation of parents and other stakeholders. The CSD requested a commitment from the organization to substantially increase the number of regular board meetings moving forward from January 2015.

Please provide documentation in a binder with tabs reflecting the three concerns and the subsequent documents (e.g., 1a; 2a; 2b; 3a; etc.) on or before June 8, 2015.

John Biroc, Ph.D.
PUC Board of Trustees President
Partnerships to Uplift Communities (PUC)
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If you have any questions or need any additional information regarding this notice, please contact René Cardona, Specialist, Charter Schools Division, via email at rene.cardona@lausd.net or (213) 241-0331. Thank you for your cooperation.

Sincerely,

A handwritten signature in blue ink, appearing to read 'R. Cardona', followed by a horizontal line.

René Cardona
Specialist, Charter Schools Division

A handwritten signature in blue ink, appearing to read 'Aida Tatioussian', followed by a horizontal line.

Aida Tatioussian
Specialist, Charter Schools Division

c: Jacqueline Elliot, PUC National
José Cole-Gutiérrez, LAUSD
Robert Perry, LAUSD
Aaron Eairleywine, LAUSD
Sharon Bradley, LAUSD
Lourdes Echavarria, LAUSD

ATTACHMENT 3

LOS ANGELES UNIFIED SCHOOL DISTRICT
DIVISION OF INSTRUCTION ♦ OFFICE OF SCHOOL CHOICE
Charter Schools Division

333 South Beaudry Avenue, 20th Floor, Los Angeles, CA 90017
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JOSÉ COLE-GUTIÉRREZ
Director, Charter Schools Division

NOTICE OF CONCERN

January 13, 2015

SENT VIA EMAIL ONLY

Partnerships to Uplift Communities (PUC)
1405 N. San Fernando Blvd., Suite 303
Burbank, CA 91504

Dear Dr. Biroc, Dr. Elliot, and Dr. Rodriguez,

The Los Angeles Unified School District's Charter Schools Division (CSD) is issuing this Notice of Concern in the area of governance. After reviewing the documentation your organization provided in response to our inquiry, this notice is being provided based on concerns regarding practices that run contrary to the approved bylaws, to some provisions of the Brown Act, and issues related to conflict of interest (specifically California Government Code section 1090) or the appearance of conflict of interest.

Approved Bylaws and Expansion of Board Membership

On Tuesday, January 6, 2015, the Charter Schools Division received an email from PUC Leadership detailing a proposed amendment to PUC Valley, PUC Los Angeles and PUC Lakeview Terrace Bylaws (which indicate there will be a minimum of 7 Board Members) in the variance of Board Member composition. Currently, two of the three governing boards (Los Angeles and Valley) have four members, while Lakeview Terrace is comprised of five members. The email states that, "...we are going to amend our by-laws to accommodate a variance in board membership so that our board membership is always in alignment with our by-laws. These new by-laws will be presented for approval at our January 14th Board meeting at which time the board will also vote on a targeted number of board members that falls within that range." The CSD recommends that the three PUC Regional Governing Boards of Los Angeles, Valley, and Lakeview Terrace diversify its board memberships to include and increase the number of members not serving on the PUC National Governing Board and not part of the PUC organization in order to ensure clear division of roles and fiduciary responsibilities.

Regular Board Meetings vs. Special Board Meetings

During the CSD Oversight Visits during the 2014-15 academic year, CSD staff reviewed sixteen (16) PUC Governing Board Agendas and Minutes for the period from September 25, 2013 through June 27, 2014. The agendas and minutes showed that , 13 meetings were *special meetings* which require a 24 hours advance notice according to Brown Act requirements; 3 meetings were *regular meetings* which require 72 hours advance notice according to Brown Act Requirements; and 1 was an *emergency meeting* for the purpose of approving each school's LCAP. The frequency of special meetings and minimal regular

meetings makes it difficult to encourage participation of parents, community members and other parties at Governing Board Meetings. The CSD acknowledges that as stated in the January 12, 2015 email from PUC that, "...meetings may, consistent with the Brown Act, be opened to run concurrently. Separate minutes should be kept of each meeting. Separate votes must be taken by each corporate board on each item. This is required under Government Code section 54953(c)(2) which provides that the vote of each board taken on each item must be reported publicly and separately so that the public attending knows how each board member voted." The CSD requests a commitment from the organization to substantially increase the number of regular board meetings moving forward from January 2015.

Fiscal

During the 2014/2015 oversight visit several things were noted as items that needed to be improved.

- Proposition 30, *The Schools and Local Public Safety Protection Act of 2012*, approved by the voters on November 6, 2012, temporarily increases the state's sales tax rate for all taxpayers and the personal income tax rates for upper-income taxpayers. The revenue generated by the measure's temporary tax increases is included in the calculations of the Proposition 98 minimum guarantee—raising the guarantee by billions of dollars each year. A portion of the new revenues therefore would be used to support increased school funding, with the remainder helping to balance the state budget. The new revenues generated from Proposition 30 are deposited into a newly created state account called the Education Protection Account (EPA). Of the funds in the account, 89 percent is provided to K–12 education and 11 percent to community colleges. Proposition 30 requires all districts, counties, and charter schools to report on their Web sites an accounting of how much money was received from the EPA and how that money was spent. PUC did not post the required information on the schools' website.
- The governing board is to approve the fiscal policies and procedures at the beginning of each charter term. By approving the policies and procedures the governing board has the opportunity to review and be made aware of the fiscal policies and procedures used by the charter school. PUC did not provide documentation that the governing board had reviewed and approved the fiscal policies and procedures.
- Each charter school is to reconcile the bank statements monthly. This is to comply with GAAP. The CSD requested the reconciled bank statements for July, August, and September 2014. These were not provided.
- As a part of the oversight visit documentation is requested for random transactions. As a part of the random selection credit card transactions were selected for review. The backup documentation was not provided.

Provide to the CSD evidence that PUC has taken the actions indicated above.

Appearance Of or Potential for Conflict of Interest

Dr. Jacqueline Elliot is the Chief Executive Officer and an employee of PUC National and also a Governing Board member on all three PUC regional governing boards (Los Angeles, Valley, and Lakeview Terrace). Dr. Ref Rodriguez is a governing board member of PUC National and also a voting member of two of the three schools' governing boards: Valley and Lakeview Terrace.

Under Government Code section 1090, it may be argued that Dr. Elliot's participation in and execution of the three *School Administrative Service Agreements* executed between each of the three PUC regional boards on June 26, 2013 (Los Angeles, Valley, and Lakeview Terrace) and PUC National may be null and void. Since Dr. Elliot is a paid employee of PUC National, her participation in (and influence on) is presumed for any transactions entered into by or on behalf of PUC National, or on behalf of the schools operated by PUC Los Angeles, PUC Valley, and PUC Lakeview Terrace to have a financial interest. Dr. Elliot's participation and presumed influence on both sides of the transaction is demonstrated by the fact that she signed the School Administrative Services Agreements which specifically state that:

*"All administrative services provided pursuant to this Agreement shall be subject to the control, supervision, direction, and policies of PUC National **AND** the Partnerships to Uplift Communities (either Los Angeles, Valley, or Lakeview Terrace)."*

Dr. Rodriguez' involvement is similar; although he is not a paid employee of PUC National with his bi-level membership, there may still be an appearance of a potential conflict of interest.

We appreciate the response provided by PUC Leadership on January 12, 2015, whereby the following is clarified,

"...PUC National is a nonprofit corporation which is a tax-exempt organization under section 501(c)(3) which has, as its charitable purpose, support for the PUC schools and may be considered an integral part of the schools. Thus it is not a 'business entity.' Nonetheless, after explaining the rationale behind formation of PUC National, Dr. Elliot recused herself from participation in deliberations on the contracts and voting as a member of any of the PUC school Boards. Indeed, she was not physically present at the meetings but participated only by teleconference. She signed only after the meetings during which the boards approved the agreements. Her signing on behalf of the corporation was purely ministerial and not as a public official.

[At the upcoming boards meetings when the contract is presented, it is anticipated that, if present, neither Dr. Elliot or Dr. Rodriguez will participate in decision-making by the boards and will make appropriate disclosures. Changes proposed to the contracts with PUC National will be presented by PUC National staff who are neither school employees or board members of the PUC school Boards. If approved, the contracts will be signed by PUC Board members and, to prevent any appearance of a conflict, by a non-PUC school board member officer or employee of PUC National.]"

Please indicate in writing how Partnerships to Uplift Communities will resolve the issues in this Notice of Concern by Monday January 19, 2015. Provide evidence including any board resolutions and board actions taken resolving the above concerns and communicating in writing the remedy proposed. We look forward to your response on this matter.

Sincerely,

Aida Tatirossian (SB)

Aida Tatirossian and René Cardona
Specialists, Charter Schools Division



C: Dr. Robert Perry, Administrative Coordinator, Charter Schools Division
Sharon Bradley, Senior Coordinator, Charter Schools Division

ATTACHMENT 4

**Memorandum of Understanding
Between
Partners for Developing Futures
and
Partnerships to Uplift Communities**

Development and Piloting Leadership for Excellence, Accountability and Diversity

Mission and Vision

Partners for Developing Futures ("Partners") is a non-profit organization dedicated to efficiently identify, recruit, and mentor people of color to create high quality charter schools or lead existing charter and district operated public schools of excellence in underserved communities. Partners seeks talented leaders of color who will draw on their rich and diverse backgrounds and professional experiences to develop effective strategies that result in the high academic performance of students. These leaders must be entrepreneurial in every sense of the word. They must be visionary in their outlook, resourceful in their approach, fully committed to best-in-class results, and possess a desire to have a long-lasting impact in their school community.

Partnerships to Uplift Communities ("PUC") is a non-profit charter school management organization designed to significantly increase college entrance and graduation rates for underserved students in Los Angeles and the San Fernando Valley. PUC operates a growing network of small, public charter schools and will create more schools in high-need communities in coming years. PUC Schools was founded on a belief that superior schools build superior communities. Schools in the PUC network have achieved outstanding results with traditionally underserved students.

Leadership Pipeline Initiative

Partners and PUC agree to collaborate on the development of a high quality leadership development initiative focused on identifying, recruiting, training, and mentoring high potential individuals to become leaders (instructional leaders, assistant principals, principals, and executive directors) of public schools of excellence. The program shall be commonly referred to as Leadership for Excellence, Accountability, and Diversity ("LEAD"). It is anticipated that curriculum and program development phase and initial pilots will occur over a 24 month period beginning July 1, 2012 and ending June 30, 2014.

Deliverables

Partners agrees to the following deliverables:

1. Leadership Development Curriculum Modules -- Partners agrees to develop curriculum aligned to the Leadership Framework (Attachment A). Curriculum will include but not be limited to facilitator's notes, resources and materials, scope and sequence documents, and participant materials.
2. Field Testing the Curriculum -- Partners agrees to pilot the curriculum in New Mexico and Louisiana with cohorts ranging from 15-20 individuals. The pilots will serve as field tests and will inform the modifications and additions to the curriculum as necessary.
3. Evaluation -- Partners agrees to conduct formative and summative evaluations of the pilots by collecting and analyzing multiple forms of data.

4. A financial contribution that includes but is not be limited to salary and benefits of Angela Bass, the program designer and program lead for the first half of the development period (months 1-12), payment to curriculum consultants, and any costs related to piloting the curriculum and processes in New Mexico and Louisiana.

PUC agrees to the following:

1. Reimburse Partners an amount not to exceed the salary and benefits for Angela Bass who is responsible for the development and implementation of the leadership development initiative for the second half of the development period (months 13-24).
2. Assign a lead to serve as a thought partner to Angela Bass and any consultants working for Partners on LEAD.
3. Attend workshops, as necessary, during the pilot implementation in New Mexico or Louisiana and provide third party feedback as appropriate.

Use of Curriculum Modules Beyond Development Period

As a key collaborator and contributor to the development of LEAD, PUC is authorized to utilize the curriculum and processes developed and known as Leadership Development initiative known as Leadership for Excellence, Accountability, and Diversity for developing its own leaders. Further, PUC is entitled to modify the curriculum or processes in order to ensure alignment with the PUC brand, mission and vision. All materials produced and replicated must reference Leadership for Excellence Accountability and Diversity and/or LEAD.

Timeline

Curriculum development will begin on July 1, 2012. Expected date of the launch of the first pilot in New Mexico is December, 2012. Expected date of the launch of the pilot in Louisiana is November, 2013. Reimbursement will occur no earlier than the end of the pilot period in New Mexico and no later than the end of the development period (July 1, 2014).

Authorization

Partners for Developing Futures


Ref Rodriguez

Partnerships to Uplift Communities


Jacqueline Elliot

Effective Date: July 1, 2012

ATTACHMENT 5

LOS ANGELES UNIFIED SCHOOL DISTRICT
DIVISION OF INSTRUCTION ♦ OFFICE OF SCHOOL CHOICE
Charter Schools Division

333 South Beaudry Avenue, 20th Floor, Los Angeles, CA 90017
Office: (213) 241-0399 ♦ Prop. 39: (213) 241-5130 ♦ Fax: (213) 241-2054

RAMON C. CORTINES
Superintendent of Schools

DR. RUTH PEREZ
Deputy Superintendent of Instruction



GEORGE BARTLESON
Chief of School Choice

JOSÉ COLE-GUTIÉRREZ
Director, Charter Schools Division

July 16, 2015

John Biroc, Ph.D.
PUC Board of Trustees President
Partnerships to Uplift Communities (PUC)
1405 N. San Fernando Blvd., Suite 303
Burbank, CA 91504

Dear Dr. Biroc,

This letter serves as the Charter Schools Division's follow-up to the Notice of Concern sent on May 19, 2015 in which documents and written responses were requested of the three Regional PUC Boards (PUC Los Angeles, PUC Valley, and PUC Lakeview Terrace). On June 8, 2015, PUC Leadership provided to the Charter Schools Division (CSD) a binder organized in a manner that addressed the three concerns referenced in the Notice. The CSD has reviewed what was provided by PUC and has determined that some responses addressed our request, responses to some of our requests were not provided, and that additional clarification is needed in other areas in which the information and documentation delivered did not adequately address what was requested. As part of this secondary Notice, the CSD requests that you provide any and all documentation, including but not limited to:

Section 1: FAILURE TO MAINTAIN THE NUMBER OF BOARD MEMBERS STATED IN APPROVED BYLAWS AND CHARTER PETITIONS

- a) Does PUC National (or any of its subsidiaries) have contracts or service agreements with Multicultural Learning Center and/or Youth Policy Institute? How are the five new members adding key competencies of capacity needed for an effective governing board?

Section 2: CONFLICTS OF INTEREST POLICIES AND PRACTICES

- a) The CSD requests an organizational structure chart for all three PUC regional boards containing names of its employees as well as an organizational structure chart of PUC National and names of all of its employees.
- e) The statement was shared that, "Dr. Elliot has had one to one conversations with all of the board members regarding the CDE Nutrition Investigation. In addition, the investigation was discussed at the June 2, 2015 board meeting. The draft of these minutes is included in this section." Based on your explanation, please share how the statements above did not violate Open Meeting Laws.
- f) The CSD requests the job descriptions for CEO, CFO, CAO, Chief of HR, Director of National School Development, Director of Ops/Facilities, etc. which were not provided.

- g) The CSD requests additional clarification to the following two questions: 1) When was the “PUC National Service Evaluation” was created? (specific date needed).
2) When and in what manner were the findings/results of the “PUC National Service Evaluation” shared with the three PUC National Regional Boards? (provide meeting agendas and minutes)

Section 4: Fiscal and Contracts:

1. Please provide a description of the relationship of any of the PUC 501(c)(3)’s or charter schools and the company Better for You Fundraising. Also please provide the articles of incorporation, by laws, and a list of current board members for Better for You Fundraising. Please describe any role any PUC employee has with Better for You Fundraising. The use of the term PUC refers all of the PUC charter schools, CMO’s, and all of the 501(c)(3)’s.
2. Please provide a description of the relationship of any of the PUC 501(c)(3)’s or charter schools and the company Partners Developing Futures. Also please provide the articles of incorporation, by laws, and a list of current board members for Partners Developing Futures. Please describe any role any PUC employee has with Partners Developing Futures. The use of the term PUC refers all of the PUC charter schools, CMO’s, and all of the 501(c)(3)’s.
3. PUC is providing services to charter schools other than the charter schools governed by PUC. Please provide copies of the contracts for all of the contractual arrangements PUC has with any charter school other than the charter schools governed by PUC. The use of the term PUC refers all of the PUC charter schools, CMO’s, and all of the 501(c)(3)’s.
4. Please provide copies of all of the contracts for all of the charter schools governed by PUC that have contractual arrangements for services from PUC National. The use of the term PUC refers all of the PUC charter schools, CMO’s, and all of the 501(c)(3)’s.

As before, please provide documentation in a binder with tabs reflecting the three concerns and the subsequent documents (e.g., 1a; 2a; 2c; etc.) on or before July 24, 2015.

If you have any questions or need additional information regarding this secondary notice, please contact me by email at rene.cardona@lausd or (213) 241-0331. Thank you for your cooperation.

Sincerely,



René Cardona
Senior Coordinator, Charter Schools Division



Aida Tatioussian
Specialist, Charter Schools Division

C: Jose Cole-Gutierrez, LAUSD
Robert Perry, LAUSD
Aaron Eairleywine, LAUSD
Sharon Bradley, LAUSD
Lourdes Echavarria, LAUSD