

**BEFORE THE STATEWIDE VIRTUAL CHARTER SCHOOL BOARD  
STATE OF OKLAHOMA**

In re

TERMINATION OF CHARTER CONTRACT WITH  
COMMUNITY STRATEGIES, INC., GOVERNING  
BOARD FOR EPIC ONE-ON-ONE CHARTER SCHOOL

**CONSENT AGREEMENT**

The State of Oklahoma, ex rel, the Statewide Virtual Charter School Board (“SVCSB”) by and through Marie Schuble, Assistant Attorney General, and Community Strategies, Inc., governing board for Epic One-on-One Charter School (the “Epic” or “School” or “Board”) with advice of counsel, hereby enter into this Consent Agreement, pursuant to 75 O.S. § 309(E) of the Administrative Procedures Act and 777:1-1-9(d). By voluntarily entering this Consent Agreement (the “Order”), the SVCSB and Epic (collectively, the “Parties”) desire to settle the allegations set forth in the Notice of Intent to Terminate Charter Contract (the “Notice”). For purposes of this Order, the Parties agree as follows:

**WHEREAS**, Community Strategies, Inc., an Oklahoma not for profit, is the board of education of Epic One-on-One Charter School, which is a statewide virtual charter school;

**WHEREAS**, on April 18, 2018, the Charter Contract between the SVCSB and Community Strategies, Inc. for Epic One-on-One Charter School was renewed for the term beginning July 1, 2018 through June 30, 2024 (the “Charter Contract”);

**WHEREAS**, the Charter Contract sets forth the terms of the relationship between the Sponsor (SVCSB) and the governing board of Epic One-on-One Charter School (Community Strategies, Inc.) regarding operation of the School;

**WHEREAS**, Community Strategies, Inc. is also the governing school board for Epic Blended Charter School, which is a separate school district with a separate sponsor;

**WHEREAS**, Governor Stitt tasked the State Auditor and Inspector with conducting an investigative audit of Epic Charter Schools and all related entities;

**WHEREAS**, on October 1, 2020, the State Auditor and Inspector issued its Investigative Audit Report of Epic Charter Schools, which included Epic One-on-One and Community Strategies, Inc., as well as other entities identified in the Audit Report (the “Audit”);

**WHEREAS**, on October 13, 2020, the SVCSB, as the charter sponsor of the School, voted to issue a Notice of Intent to Terminate Charter Contract (the “Notice”);

**WHEREAS**, Epic has denied the material allegations in the Notice;

**WHEREAS**, the Parties have conducted discovery and set the Notice for a hearing for the presentation of evidence;

**NOW THEREFORE**, the Parties approve this Order and settle the allegations in the Notice on the terms and conditions set forth herein:

1. **Charter Contract Amendment**. The Charter Contract between the SVCSB and Epic shall be amended, to the extent necessary and mutually agreed upon, to provide:
  - a. The Parties shall amend paragraphs 7.9 and 7.10 of the Charter Contract to make it clear that pursuant to 70 O.S. 5-117(D), boards of education of statewide virtual charter schools may enter into a mutual contract or separate contracts with a superintendent, administrator, or teacher or with a person to provide support services, to serve as superintendent, administrator, or teacher, as appropriately qualified, or to provide support services, for each contracting district upon such terms and conditions as the parties may agree. The Parties shall amend paragraphs 7.9 and 7.10 of the Charter Contract to make it clear that pursuant to 70 O.S. 5-117b(A), “The boards of education of any two or more school districts may enter

into an interlocal cooperative agreement for the purpose of jointly and comparatively performing any of the services, duties, functions, activities, obligations or responsibilities which are authorized or required by law to be performed by school districts of this state.” If the board of education of a statewide virtual charter school was to enter into an interlocal cooperative agreement, such agreement shall be effective only after it is approved by the Statewide Virtual Charter School Board and such agreement shall be subject to change or termination by the SVCSB. The duration of such an agreement shall be for a term of not less than one (1) year and notice of intent of a school district to withdraw from the cooperative agreement must be given no later than March 15 for the ensuing school year. The agreement shall specify the method or methods to be employed for disposing of property upon partial or complete termination of the agreement. The agreement may be changed or modified by a majority consent of the boards of education of the school districts entering into the interlocal agreement. The agreement entered into by the school districts shall describe the services, supplies, and expenses to be shared between the school districts, the length of said agreement, and the invoicing and payment terms between the school districts.

b. By July 1, 2021, Epic shall implement the Implementation Plan presented and approved by the governing board at the April 13, 2021 board meeting.

2. **Financial**. Epic agrees to the following financial management revisions to its operations:
  - (1) Epic agrees to implement its Contracting and Purchasing policy to include ensuring that all contracts under \$150,000 that are entered into on behalf of Epic One-on-One shall be approved and signed by the Superintendent of Epic One-on-One. All contracts \$150,000

and above that are entered into on behalf of Epic One-on-One shall be approved and signed by the Chairperson of Epic One-on-One's governing board; (2) The School shall have an assistant superintendent of finance that shall be employed solely by the public school who shall report directly to the School's superintendent and have responsibility for the finances of the School; (3) The Board shall ensure that only public employees have access to public school funds; and (4) The encumbrance clerk for the School will not share duties with another school and will only serve as the encumbrance clerk for Epic One-on-One.

3. **Learning Fund.** The Learning Fund shall be maintained in a public-school bank account, and the records of said public school bank account for the Learning Fund shall be public records. All invoices, purchase orders, or other documentation approved by the governing board of the School for the expenditure of public-school funds from the School's Learning Fund bank account shall be public records. All aspects of the operation and management of the Learning Fund shall be conducted by the public school and the management company shall not have access to the Learning Fund bank account, oversight of the Learning Fund, or management of the Learning Fund. The School shall implement this public-school Learning Fund bank account effective July 1, 2021.
4. **Management Organization.** Epic agrees to the following terms concerning contracting with an educational management organization as provided for in 70 O.S. 5-200: (1) The School's governing board may contract with an educational management organization but must retain ultimate oversight responsibility and authority for the School; (2) The relationship of Epic One-on-One and an educational management organization is that of a customer and vendor contractor; (3) The School and the educational management organization shall be separate entities in all aspects; (4) The School shall report the total

amount paid to the educational management organization as well as itemized expenditure information for the goods or services provided by the management organization as defined by the Oklahoma Cost Accounting System (“OCAS”) expenditure codes; (5) The governing body of the School shall conduct an annual evaluation of the educational management organization and an annual review of the educational management organization’s operating agreement, which such evaluation and review shall include an annual contract compliance audit. The educational management organization, at the directive of the governing board of the School, shall engage a Big Five accounting firm to perform a contract compliance audit of the educational management organization’s compliance with the terms of the management agreement. The audit shall confirm receipt by the School’s governing board of all goods and services to be provided by the educational management organization to the School’s governing board. Epic shall provide a copy of the audit report to the SVCSB each year immediately upon receipt; (6) The governing board of the School shall amend its operating agreement with the educational management organization to provide that the management fee shall be calculated on the actual amount of state funding received by Epic One-on-One after the SVCSB has retained its oversight fee and no management fee shall be taken on any other funds, to include, but not limited to, federal funds; and (7) The governing board of the School shall amend its operating agreement with the educational management organization to describe the services and / or goods provided by the educational management organization for the fee paid by the School.

5. **Governance**. Epic agrees to the following revisions to its Board governance: (1) Epic agrees to a governing board that shall have no less than seven (7) members; (2) Epic agrees that two (2) of the members of the governing board shall be either a parent, grandparent,

or guardian of a student currently enrolled or previously enrolled in the School; and that this Board composition shall be completed by June 30, 2021; (3) Epic's Board shall amend its by-laws to include specific terms of service for board members; (4) Epic's Board shall meet every month to the extent practical and necessary; (5) All public school employees shall be supervised by and report only to either a public school employee or the governing board; and (6) Epic's governing board shall not amend its contract with the educational management organization until this Order is approved by the SVCSB and the School's governing board. The SVCSB will not penalize Epic for reconstituting its board of education in its performance framework or consideration of Charter Contract renewal.

6. **Audit Firm.** Epic agrees to engage a different independent financial audit firm than it has used previously for its annual independent financial audit required by Oklahoma law for the FY 21 audit. Epic agrees to further change its audit firm as otherwise required by law, rule, or agreement.
7. **Implementation.** The Parties agree that implementation of conditions set forth herein are to begin no later than July 1, 2021 and shall continue until expiration of Charter Contract.
8. **Costs.** Epic will be solely responsible for any of the costs associated with completion of the conditions of this Order. The SVCSB and Epic shall be solely responsible for any fees, costs, or other expenses incurred in connection with Notice and termination proceedings.
9. **Enforcement.** Epic understands and agrees that should any instance(s) be brought to the attention of the SVCSB in which Epic has violated its Charter Contract, except as previously set forth in the Notice, including the amendments set forth herein, or applicable rules or statutes, the SVCSB reserves the right to prosecute such violations. Failure to

comply with any of the terms of this Order may result in further disciplinary action against Epic, including, but not limited to, institution of termination proceedings.

10. **Release.** The Parties mutually release the other from any claims, demands, or other such administrative actions, to include the termination of the Charter Contract, arising from the allegations in the Notice. By entering this Order, the SVCSB shall be considered to have dismissed with prejudice the allegations in the Notice. The SVCSB shall not consider the allegations in the Notice or the terms of this Order in its deliberations or decision concerning the renewal of Epic's charter contract.

11. **No Admission.** The Parties mutually agree that by entering this Order neither Epic nor the SVCSB is admitting any wrongdoing, or violations of either Charter Contract or the law.

12. **Waiver.** The Parties agree to waive any requirement for findings of fact and conclusions of law as may otherwise be provided for by law or rule.

**BY MAJORITY VOTE, THE UNDERSIGNED IS HEREBY AUTHORIZED TO EXECUTE THIS AGREED SETTLEMENT ORDER ON BEHALF OF COMMUNITY STRATEGIES, INC., AS THE GOVERNING BOARD OF EPIC ONE-ON-ONE CHARTER SCHOOL THIS 13<sup>th</sup> DAY OF April, 2021.**

  
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**DOUGLAS SCOTT, Chairman**  
**Community Strategies, Inc. Governing**  
**Board for Epic One-on-One Charter School**

4-13-2021  
\_\_\_\_\_  
Date

**BY MAJORITY VOTE, THE UNDERSIGNED IS HEREBY AUTHORIZED TO EXECUTE THIS AGREED SETTLEMENT ORDER ON BEHALF OF THE STATEWIDE VIRTUAL CHARTER SCHOOL BOARD THIS \_\_ DAY OF \_\_\_\_\_, 2021.**

**STATEWIDE VIRTUAL CHARTER SCHOOL BOARD**

By:

\_\_\_\_\_  
**ROBERT FRANKLIN, Ed.D., Chair**

\_\_\_\_\_  
**Date**