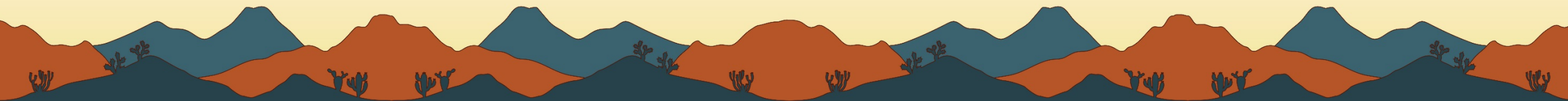


2017 NACSA LEADERSHIP CONFERENCE

OUR CHOICES MATTER



DECONSTRUCTING MANAGEMENT AGREEMENTS

Gregg Stevens, Georgia State Charter School Commission

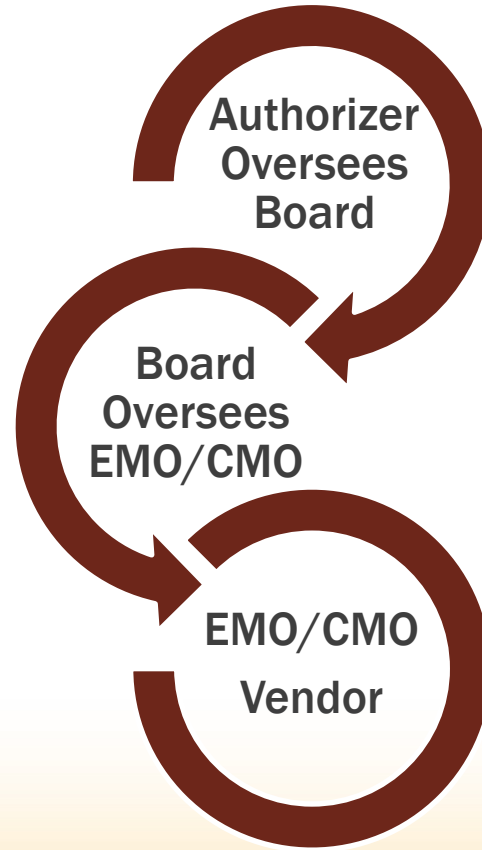
Elisa Westapher, NACSA

October 17, 2017

LEARNING OBJECTIVES

- Understand why authorizers should review management agreements.
- Identify key provisions of management agreements.
- Understand how to evaluate the management agreement for application alignment, impact on the role of the authorizer, and for protecting the public interest and the rights of students.
- Learn how you can use the management agreement to assess capacity of the governing board.

AN AUTHORIZER'S ROLE



MANAGEMENT AGREEMENTS

WHY REVIEW

- To protect an authorizer's role and duties
- To protect the governing board's authority and autonomy
- To protect student and public interest

MANAGEMENT AGREEMENTS

PRINCIPLES AND VALUES

- Primacy of charter contract
- School governing board is responsible for success of school
- Clearly defined roles and responsibilities
- Board/school independence
- Common sense fiscal controls

MANAGEMENT AGREEMENTS

PROTECTING AN AUTHORIZER'S ROLE AND DUTIES

Ensure your review as an authorizer does not infringe upon school autonomy:

- Is the school aware of the effect of the management agreement?
- Has the school's governing board conducted appropriate due diligence and negotiation to ensure that the agreement is the most advantageous deal for the school?
- Do provisions in the agreement raise questions as to the board's capacity?

Ensure the agreement supports adequate oversight of the school:

- Does the agreement hinder the ability to hold the governing board accountable?
- Does the agreement contradict provisions in the school's charter contract?

MANAGEMENT AGREEMENTS

PROTECTING GOVERNING BOARD AUTHORITY AND AUTONOMY

Understand what services are being provided

- Is there a clear and detailed description of the services to be provided?

Understand who's doing what and who decides

- Does the agreement clearly delineate the roles and responsibilities of the company and the school board?
 - Educational
 - Financial
 - Operational

Does this information match the application narrative? Does this match the board's understanding?

MANAGEMENT AGREEMENTS

PROTECTING GOVERNING BOARD AUTHORITY AND AUTONOMY

Check for internal controls that support board independence

- Does the company have any role in selecting, approving, or compensating board members? Does any company representative sit on the board?
- Does the board select and pay its own attorney, accountant, and audit firm?

Does this information match the application narrative? Does this match the board's understanding?

MANAGEMENT AGREEMENTS

PROTECTING GOVERNING BOARD AUTHORITY AND AUTONOMY

Understand when and how the board can terminate its agreement with the company

- When can the board terminate the agreement? Every year? At renewal? With how much notice?
- Under what conditions can the board terminate the agreement? Performance of company? Only if there's a default?
- How is company performance evaluated?

Ensure the school can continue if the agreement is terminated

- What amounts will the board owe to the company?
- Upon termination, what belongs to the company and what belongs to the school?
- What happens to the facility?
- Other restrictions?

MANAGEMENT AGREEMENTS

PROTECTING STUDENT AND PUBLIC INTERESTS

Understand the financial relationship

- How much is the school paying the company for these services?
- What is the fee based-upon?
- Do all payments from the authorizer to the school go to an account controlled by the board?
- Are all services included in the fee? What's extra?
- Any additional fees in any referenced, but separate agreements?
- Is the company providing the school with any start-up loans or advances? What are the terms?
- Who owns anything purchased by the company with public funds?

Does this information match the application narrative and budget? Does this match the board's understanding?

MANAGEMENT AGREEMENTS

PROTECTING STUDENT AND PUBLIC INTERESTS

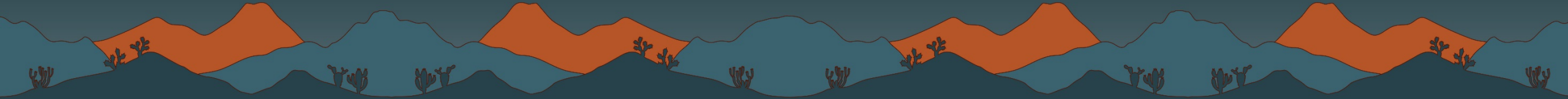
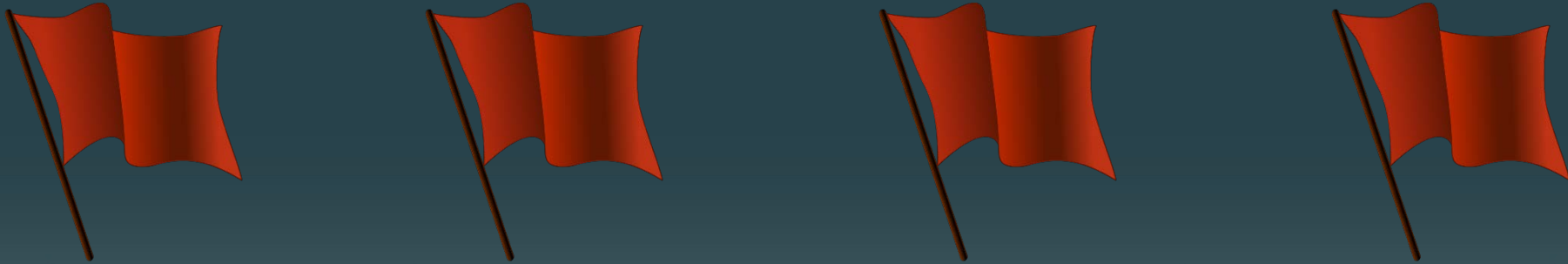
Identify any affiliated entities

- Does the agreement contain references to any other entities?
- Is the board entering into any other agreements with affiliated entities (i.e., entities controlled by the same people that control the company)? Have these affiliations been disclosed?
- Who owns the facility? Is the company or an entity related to the company the landlord?
- If so, what has the board done to ensure it is receiving a fair market rental rate?

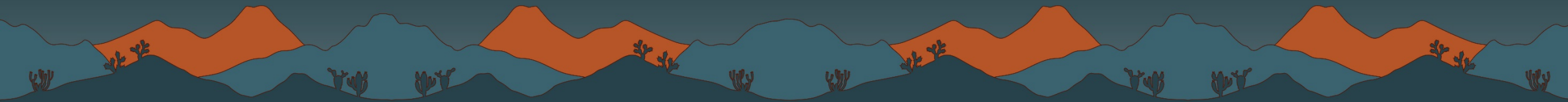
Does this information match the application narrative and budget? Does this match the board's understanding?

ACTIVITY

CAN YOU IDENTIFY THE



- 1. What red flags do you see?**
- 2. Why?**
- 3. Based on the red flags identified, what questions should you ask the governing board?**





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CHARTER SCHOOL AUTHORIZERS

