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TO: GSD Community

FROM: Dr. Melody Strang 

Superintendent & Director of GSD Charter Schools Office

RE: The Paris Academy – Closing Effective June 30, 2018

DATE: June 27, 2018

The Board of Directors of The Paris Academy, a cyber school, voted on Thursday evening, June 21, 2018, to amend the Academy's Charter Contract with the Genesee School District Board of Education to terminate effective June 30, 2018. Rumors that the Academy Board voted on June 21st to close the Academy's doors "effective immediately" on June 21, 2018, are incorrect. The Academy Board reportedly is working with its legal counsel and others to undertake an orderly windup and dissolution of the Academy's affairs.

The Academy Board President Chuck Kozlowski has been identified as the Academy Board's contact person during this transition period. The District has been advised that questions can be directed to Mr. Kozlowski at the telephone number and email address provided below.

- Tel: 810-513-6297
- Ckozlowski51@gmail.com

Attached is a copy of the Amendment to Charter Contract that was approved by the Academy's Board of Directors on June 21, 2018. As explained in the Amendment, the Academy Board determined that substantial lost revenue resulting from ongoing pupil accounting audits being conducted by the Michigan Department of Education and Michigan Auditor General's Office, as well as alleged deficiencies in the Academy's operations, called the Academy's viability beyond the current 2017- 2018 school year into serious question. Therefore, the Academy Board determined that the interests of its students and families would be best served through an amendment to the Charter Contract that would allow for the orderly windup and dissolution of the Academy's affairs, while affording students and their families a sufficient opportunity to pursue viable alternative educational options for the upcoming 2018-2019 school year.

It is the understanding of Genesee School District Charter Schools Office that the Academy Board (or its designees) will be working to respond to questions from parents and students, particularly with regard to securing student records.

To clarify, The Paris Academy is not a GSD program. The Paris Academy is a cyber school organized and operated under Part 6E of the Michigan Revised School Code. The Paris Academy has its own District Code. It is a body corporate and a governmental agency that operates under the direction of its own board of directors. The Academy is subject to the leadership and general supervision of the State

Board of Education over all public education in this state under article VIII, section 3 of the State Constitution of 1963.

GSD serves as Authorizing Body for the Academy. In the capacity of Authorizing Body, the GSD Charter Schools Office performs compliance monitoring to determine whether the Academy is operating in compliance with controlling law and the Charter Contract. Upon recently learning of alleged wrongdoing at The Paris Academy, Dr. Strang promptly notified the Academy Board and initiated an investigation. Dr. Strang also notified the MDE Charter Schools Office, the MDE Pupil Accounting and State Aid Office, the MDE Assessments Office, and the Genesee Intermediate School District. Investigations and pupil accounting audits were promptly undertaken and the MDE Pupil Accounting and State Aid Office has already withheld, or threatened to withhold, in excess of \$1.7 Million from the Academy's State Aid disbursements.

Given these substantial projected State Aid losses, the Academy Board concluded that the risks of insolvency were high. The Academy Board also concluded that the alleged deficiencies in the Academy's operations would require the expenditure of considerable time and resources to address.

The Academy's students and parents are encouraged to review the attached MDE Wind-Up and Dissolution Process for a better understanding of the process moving forward.

While Genesee School District is not responsible for the Academy's operations, or for its windup and dissolution, the District will provide such updated information as may be made available to it, by the Academy Board, from time to time.

AMENDMENT TO CHARTER CONTRACT

This Amendment is made between the Board of Education (the "Board") of Genesee School District (the "District") and the Board of Directors (the "Academy Board") of The Paris Academy (the "Academy"), parties to a charter contract issued effective July 1, 2016, confirming the status of The Paris Academy as a school of excellence, which is a cyber school (the "Charter Contract").

RECITALS

WHEREAS, the Charter Contract provides in Article IX, Section 9.1, that either party may propose changes in the Charter Contract and, subject to certain restrictions not relevant here, delegates authority to the District's Superintendent and a designated representative of the Academy Board to review and approve changes or amendments to the Charter Contract; and

WHEREAS, the Academy Board convened a special meeting on Thursday, June 21, 2018, to consider, among other things, financial exigencies facing the Academy as a result of ongoing pupil accounting audits by the Michigan Department of Education and the Michigan Auditor General's Office that have resulted, to date, in actual and projected State Aid withholdings in excess of One Million Dollars; and

WHEREAS, in addition to these financial exigencies, revocation proceedings have been initiated under the Charter Contract concerning alleged irregularities and improprieties in the Academy's operations, which will require the expenditure of considerable time and resources by the Academy Board to address; and

WHEREAS, in view of these exigencies, the Academy Board determined at its meeting on June 21, 2018 that the risks of insolvency are high and the viability of the Academy beyond the 2017-2018 school year has been called into serious question; and

WHEREAS, the Academy Board determined at its meeting on June 21, 2018, that the interests of the Academy's students and families would be best served through an amendment to the Charter Contract that would allow for the orderly windup and dissolution of the Academy's affairs, while affording students and their families a sufficient opportunity to pursue viable alternative educational options for the 2018-2019 school year.

NOW, THEREFORE, pursuant to Article IX, Section 9.1 of the Charter Contract, the Parties agree as follows:

1. The Parties agree to amend Article XII, Section 12.14 of the Charter Contract to provide: "This Contract shall commence on July 1, 2016 and shall remain in full force and effect until June 30, 2018, unless terminated sooner according to the terms hereof."
2. Except as set forth in this Amendment, the Charter Contract is unaffected and shall continue in full force and effect in accordance with its terms. If there is conflict between this Amendment and the Charter Contract, the terms of this Amendment will prevail.
3. This Amendment is not intended and shall not be construed as an admission of wrongdoing by the Academy Board.

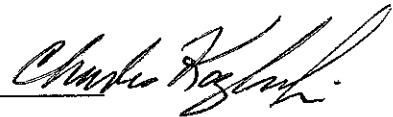
4. The Director of the District's Charter Schools Office shall promptly submit a copy of this Amendment to the Michigan Department of Education's Charter Schools Office in compliance with section 561(1)(b) of the Michigan Revised School Code, MCL 380.561(1)(b), notifying the Department that, pursuant to Article IX, Section 9.1 of the Charter Contract, and at the request of the Academy Board, the Charter Contract has been amended and shall terminate effective June 30, 2018.
5. The Academy Board (or its designee) shall comply with the Wind-Up and Dissolution Procedures developed by the Michigan Department of Education (a copy of which are attached), which allow the Academy Board to petition a court of competent jurisdiction to appoint a receiver to dissolve and wind-up the Academy's affairs.
6. This Amendment has been duly authorized, executed and delivered by the Parties (or their authorized designees) and constitutes a legal, valid and binding obligation upon each of them, enforceable in accordance with its terms. Each person placing his/her signature below represents and warrants that he/she is the signatory duly authorized to execute this Amendment on behalf of the District or the Academy, as is respectively applicable.

THE PARIS ACADEMY

BOARD OF DIRECTORS

A Michigan school of excellence which is a cyber school

Dated: 6/22/2018

By: Charles Kozlowski 

Its: President

GENESEE SCHOOL DISTRICT

BOARD OF EDUCATION

A general powers school district operating as an authorizing body under Part 6E of the Michigan Revised School Code

Dated: 6/22/18

By: Melody Strang 

Its: Authorized Designee
Dr. Melody Strang
Superintendent and Director of the
Genesee School District Charter Schools
Office