

CHARTER SCHOOL ACCOUNTABILITY COMMITTEE

DELAWARE DEPARTMENT OF EDUCATION



Odyssey Charter School

FORMAL REVIEW FINAL REPORT

CSAC Final Meeting: June 24, 2019
CSAC Final Report Published: June 28, 2019

On May 15, 2019, the Department of Education (DDOE) placed the charter of Odyssey Charter School (OCS) on Formal Review, pursuant to 14 Del. C. § 515(b), to determine whether the school is violating the terms of its charter and, if so, whether to order remedial measures.

The following were in attendance at the Final Meeting of the Charter School Accountability Committee (CSAC) on June 24, 2019:

Voting Committee Members of the Charter School Accountability Committee

- Chuck Longfellow, Chairperson of the Charter School Accountability Committee, and Associate Secretary, Operations Support, DOE
- Kimberly Klein, Director, Finance Office, DOE
- Catherine Oravez, Education Associate, Federal Funds and Cost Recovery, DOE
- James Pennewell, Education Associate, Capital Project Management, DOE
- Charles Taylor, Community Member, Retired Head of School

Non-voting Committee Members of the Charter School Accountability Committee

- Audrey Noble, Vice President, Delaware State Board of Education
- Kendall Massett, Executive Director, Delaware Charter Schools Network

Staff to the Committee

- Jennifer Singh, Deputy Attorney General, Counsel to the Committee
- Leroy Travers, Lead Education Associate, Charter School Office, DOE

Representatives of the School

- Elias Rigas, Board Member
- Denise Parks, Head of School
- Riccardo Stoeckicht, Campus Operations Officer
- Karen Thorpe, Financial Consultant
- Bill Manning, Counsel to the School

Discussion

Dr. Longfellow asked the committee to approve the minutes of the initial meeting of the CSAC for the formal review of OCS. The minutes were approved with no changes or deletions.

Dr. Longfellow explained that the purpose of the meeting was to review the relevant statutory criteria as to whether the charter holder is violating the terms of its charter and, if so, whether remedial measures are warranted.

Dr. Longfellow noted that the grounds for formal review were outlined in a letter to the President of the Board of Directors of OCS dated May 15, 2019, which outlined the following potential violations of the school's charter (see the Secretary of Education's notice letter):

- Misappropriation of funds;
- Violation of the school's conflict of interest policy;
- Failing to have a satisfactory plan to ensure the effectiveness of its board of trustees;
- Violation of the Delaware Constitution (Equal Rights Amendment);
- Violation of the Delaware Code of Conduct (29 Del. C. §5805 (a)(1))and;
- Violation of the Delaware Code of Conduct (29 Del. C. §5806 (a)).

During the initial meeting, the CSAC identified a number of areas of concern and requested responses from the school to 14 follow-up items that were provided in the initial report.

Dr. Longfellow asked the school if they wanted to make an opening statement (see Attachment A). Mr. Rigas delivered the school's opening statement. Mr. Rigas discussed OCS's goals and a brief history of the school. Mr. Rigas acknowledged that the formal review process has served as a catalyst for change for OCS. The process has helped point out their inadequate governance process and lack of transactional transparency. He apologized on behalf of the school for the eroded trust and sense of confusion that has occurred. Mr. Rigas stated that the school is willing to change and is working to implement governmental procedures and processes to ensure that this happens. The school will overhaul several governance processes, including its conflict of interest policy. Mr. Rigas went on to state that former Chief Justice Veasey opined that the Board composition of a majority of members of the American Hellenic Educational Progressive Association (AHEPA) does not, in and of itself, create a conflict of interest, rather, it is the Board's inability to recognize and avoid conflicts that has raised problems. The school wished to work with the DDOE to strengthen its conflict of interest policy. This would include provisions that require that Board members that are part of the AHEPAN family recuse themselves whenever an action is undertaken that involves the interest of AHEPA. Any conflicts that arise will be voted on exclusively by non-AHEPAN members. This policy will include rigorous reporting requirements. The Board will contract with the Delaware Alliance for Non-profit Advancement (DANA) to analyze past and current practice and help establish a path forward, including new processes and protocols.

Dr. Longfellow asked if members of the CSAC committee had follow-up questions, items for discussion, and/or additional dialogue about these items.

Dr. Noble read a statement on behalf of the State Board of Education (SBE). At the latest SBE meeting, the Public Integrity Commission (PIC) report was discussed during executive session. The SBE wanted to convey that their concern lies, not with the academic program of the school, but with the fiscal improprieties and governance issues at the school. The SBE agrees with the PIC findings and is concerned that the OCS Board has been tone deaf to the recommendations made by the PIC as well as statements made by the Secretary of Education in regards to their violations of State law and their own charter. The SBE strongly believes that a rigorous investigative audit of all financials of the school needs to be conducted to identify any potential, additional misappropriations of federal, state, or local funds. The SBE feels that the by-laws of OCS should be carefully critiqued and corrected so that they are not in violation of any State or federal laws. The SBE would like to remind the school that they are a public school, not a private school.

Dr. Noble added that she understood that OCS was founded to promote education, philanthropy, and civic responsibility. She wondered how the Board modeled civic responsibility to its school community given its choices regarding money and lack of transparency. Dr. Noble expressed her desire for the school's Board to be responsible to its students, parents, and teachers, however, based on public comments, many members of the OCS community doubt that this is the case.

Ms. Klein asked about the school's response to a breakdown of expenditures and encumbrances related to the allocations of funds to Ithaka. She stated that the school appeared to go much deeper in its financial commitment to Ithaka than it had done for its current tenant, Academia Antonio Alonso (AAA). This included paying for consultants, marketing, and Ithaka's website. Ms. Klein asked how the school decided to support Ithaka so deeply.

Mr. Stoeckicht answered that the response provided to CSAC did not include all of the cultivation that was done for AAA in 2015 and 2016 during their major modification to change location. The cultivation work was provided by Innovative Schools, at that time. Innovative Schools had been brought on to support OCS during that time period to help deal with financial management and human resources. Innovative Schools worked with AAA on a consultancy basis.

Ms. Klein responded that there was a clear discrepancy in the cultivation work that was done for AAA and that which was done for Ithaka. She asked for clarification as to why marketing work was provided for Ithaka, as this was out of the typical scope of tenant cultivation. Mr. Stoeckicht reiterated that there was cultivation work that was done for AAA by OCS, however, the work was different based on the needs of each school. Ms. Klein asked the school to clarify if OCS had paid any of those costs, and the answer provided by Mr. Stoeckicht was no. He added that OCS had not borne the financial obligations of the supports provided by Innovative

Schools. Dr. Noble asked about the current status of Innovative Schools. Mr. Stoeckicht stated that they have been closed.

Dr. Longfellow discussed the work done to prepare the space. He felt that the insurance money was put back into the building owned by OCS and appeared to be used for reasonable construction projects. The money going back into the building meant that it was still an OCS asset and would not need to be repaid. However, the money spent to help establish Ithaka as an organization and a corporation, such as marketing, is money that needs to be repaid to OCS.

Ms. Oravez asked if the CSAC could address the letter (see Attachment B) that was submitted on June 21, 2019 by the OCS Board of Directors regarding construction done for Ithaka by Chatham Bay Construction (CBC). Ms. Oravez asked who CBC believes is responsible for the remainder of the bill, given that the previous OCS Board President made the agreement with CBC as he was simultaneously holding the seat of Board President for Ithaka.

Mr. Rigas asked, at that time, to share a document written by the AHEPA organization to address the issue (see Attachment C). The letter stated that AHEPA will satisfy the existing obligations incurred with CBC and the existing obligations owed to OCS for OCS funds expended on behalf of Ithaka.

Ms. Oravez again asked whether CBC considers their outstanding invoice a bill to Ithaka or a bill to OCS. Mr. Rigas stated that AHEPA is willing to raise the funds to pay for all construction dedicated to an Early Childhood Educational Center.

Ms. Klein stated that she has not seen, in the submitted promissory note or the AHEPA letter, a timeline for repayment. She asked what the repayment plan and timeline would be for the money that has been expended. Dr. Noble referenced a statement signed by the former Board President which stated that there would be monthly installments of \$1,000.00 for 7.5 years, without interest. Dr. Noble asked how the school planned to recover the funding when Ithaka appears to be dormant. Ms. Klein pointed out that the school's plan states that the repayment will begin on July 1, 2019 or when Ithaka begins to collect revenue. This is concerning, she added, due to Ithaka's current dormant status and AHEPA's commitment to repay any funds does not include a repayment timeline. Mr. Rigas stated that this would be part of conversations, going forward, between OCS, Ithaka, AHEPA and CBC. He reiterated that the building does belong to OCS, so there is some responsibility to the school.

Dr. Longfellow cautioned that the CSAC should refrain from getting involved in any potential litigation between CBC, AHEPA, OCS and Ithaka. Ms. Klein stated that CSAC is, however, concerned with funds that have already been expended, particularly the \$91,487 for which the promissory note was issued. Ms. Klein again asked for a timeline for repayment. Dr. Longfellow stated that the CSAC could determine the timeline if there are conditions imposed on the school.

Ms. Oravez asked if it was OCS or Ithaka that actually executed the contract with CBC as the Board Presidents for both organizations were the same person. Mr. Rigas acknowledged that there is confusion about this, however, as he understands it, Ithaka entered into the contract with CBC. He also stated that the new conflict of interest policies will look to avoid these issues. He reiterated that the Board would like to make changes to avoid conflicts or confusion.

Dr. Longfellow asked if there were any mechanic's liens against OCS or OCS assets due to the outstanding bills. Mr. Stoeckicht stated that there were currently none, however, there may be threats of liens in the future.

Mr. Travers asked when the CBC invoices were delivered to OCS. Mr. Stoeckicht stated that the first invoice came in during March of 2019. Mr. Travers stated that this was problematic because the school knew about this potential issue at the May 28th CSAC Initial meeting, yet did not disclose it. This further shows a lack of transparency from the school. Mr. Rigas stated that this is one of the items that the Board intends to work on.

Mr. Taylor asked if the school had given any thought to setting up another non-profit organization to handle their real estate properties. Mr. Rigas stated that it has been an option that was discussed by the Board. He acknowledged that this could potentially add transparency and create a cleaner level of separation. The way that it is currently set up creates confusion. At this point, it has not been discussed with the Board, but they are willing to pursue it if it creates more transparency and clarity. Mr. Taylor stated that it is difficult to control these items without the delineation between school funds and real estate funds.

Dr. Noble referenced the school's by-laws, which state, in part *"it is the Corporation's general policy not to employ or contract with Governing Board members or members of their immediate families, or person/entities having an ongoing business or financial relationship with the corporation. Board members and employees shall disclose any known or potential conflict of interest in writing to the Board prior to the time set for voting on any such transaction. A Board member making such disclosure shall not vote on the matter or attempt to influence the decision of other Board members in voting on the matter."*

Dr. Noble added that, based on receipts submitted, there were many construction contracts executed with CBC. This is problematic, as CBC appears prominently on AHEPA Chapter 95's website as a "generous sponsor." Dr. Noble asked if the AHEPA members of the OCS Board recused themselves when voting on CBC contracts based on the clear conflict of interest. Mr. Rigas stated that he could not answer that question at this time.

Dr. Longfellow distributed a list of potential conditions that he drafted for review and discussion by the CSAC. The list suggested a probationary period to address the conditions and a postponement of their renewal for one year. Additionally, there were eleven steps for the school to take to strengthen and correct their by-laws. There were also stipulations for the repayment of funds to Odyssey from Ithaka. This includes any operational cost, cost for an AHEPA conference in Atlantic City that was paid out of OCS funds, and repayment of funds paid

to Tetra Tech, a consulting and engineering firm. Ms. Thorpe stated that the money to Tetra Tech has not been paid and that there is a pending invoice. Dr. Longfellow asked that the Tetra Tech invoice be removed from the draft list of conditions.

Additionally, the draft conditions would call for an investigative audit of OCS's finances, the scope of which will be determined by DOE in consultation with the office of the Auditor of Accounts. This would be accompanied by monthly meetings between OCS and DOE.

Ms. Massett stated that she was unsure whether State law would allow for OCS's renewal to be postponed for one year. Ms. Singh confirmed that this would not be allowable. This condition was removed.

Mr. Taylor stated that there is a significant amount of time for the Board to make changes between now and the time period in which they will begin to submit renewal documents. The CSAC could include language that dictates that certain items must be completed by the renewal time period.

Dr. Noble expressed concern that the school went through renewal in 2014 and recommendations were made that have not been implemented. These recommendations included addressing problems with the violation of open meeting laws, issues with conflicts of interest, and lack of transparency. Dr. Noble noted that these are the very reasons that they are before the CSAC less than five years later.

Dr. Noble stated that some items on the list may take some time to complete, such as changing the composition of the Board. Mr. Taylor agreed, but pointed out that, if the school was willing, many items could be completed rather quickly. Mr. Taylor recommended that any potential conditions include deadlines.

Ms. Parks stated that the charter renewal process should be meaningful and thoughtful for the school. She agreed that a timeline that coincides with renewal makes sense, however, given the potential changes within the organization, this will present a significant challenge.

Ms. Massett reminded the school that they are hearing the frustrations from CSAC due to the fact that much of this was brought to the school's attention in 2014 and now is the time to get it fixed. She stated that what is happening at the school is unfair to students, staff members, the OCS community, and the school's authorizer.

Ms. Oravez added that she would like to see a condition that addresses re-establishing trust with the school community and staff members. Mr. Pennewell suggested regular status reports from the school and from the OCS Education Association (OCSEA) since the OCSEA voted "no confidence" in the Board. Ms. Singh stated that the school is free to partake in this suggestion, however, the CSAC does not have authority to require it as the CSAC's relationship is with the school, not the OCSEA.

Dr. Noble asked that written reports be provided to the SBE and the Secretary of Education detailing the monthly meetings between OCS and DDOE. This will allow everyone to evaluate progress on meeting these conditions.

Ms. Massett stated that OCS has struggled with the interpretation of public meeting laws and whether or not town hall meetings are allowable if there is a board quorum. Dr. Longfellow and Mr. Taylor expressed that the CSAC does not need to be that prescriptive in how the school should repair relationships and that the school could establish ways to do so within their plan.

Dr. Noble asked that the school develop a plan to strengthen the capacity of its Citizens Budget Oversight Committee (CBOC) to ensure full access to information to be able to adequately conduct oversight of the school's finances. This should be done in collaboration with DDOE. She noted that much of what has been discussed, financially, was not made available to or discussed with the CBOC.

Ms. Massett asked if the audit mentioned in the condition requires the audit to be completed in addition to their already scheduled audit. Dr. Longfellow stated that this could be the case, but not likely given the CSAC's timeline. Ms. Massett stated that the school could take it upon themselves to ask what needs to be added to their scheduled audit. Dr. Noble stated that she feels that the audit needs to be more of an investigative audit than what typically occurs. She stated that the previous audit states that the audit company is dependent upon the school's submission of accurate information as well as an understanding that the school's internal controls are effective. The audit firm does not determine the effectiveness of internal controls. Dr. Noble went on to state that the audit needs to determine if there have been any misappropriations of federal, state, and/or local funds and that the current auditor does not determine such potential misappropriations. Odyssey will be required to collaborate with the DDOE to ensure that internal controls are audited and determined to be effective. The CSAC asked that the word "investigative" be added before "audit" in the list of draft conditions.

Dr. Longfellow stated that the internal controls frameworks currently appear to be effective. It is the decision making at higher levels on what is to be purchased that needs attention. As an example, the Board's by-laws have a provision that allows a proxy to provide a signature on the Board's behalf (Article V). This will need to be revised to rescind all existing provisions and a new Board will need to grant new permissions. Mr. Taylor stated that this should be done annually. Mr. Rigas agreed and stated that these are items that the Board is looking to correct.

Additionally, Mr. Rigas reminded the committee that there is no current member of the Board that was on the board during its last renewal. There are also no members of the founding Board on the current Board. Mr. Rigas stated that the current Board recognizes that there are issues that need to change and it is the intent of the Board to make these changes. Mr. Rigas stated that regardless of the Board makeup, these processes need to be put into place and made transparent. Mr. Rigas reminded the committee that the school has not finished growing and it is the objective of the Board to give its students the best education in the country and to be recognized as such. The Board recognizes that there are problems with infrastructure and

governance and are fully committed to fixing those things. Mr. Rigas noted that he not only represents the Board, but he is also a parent and wishes for the best environment for his children and all OCS children. He added that the Board is deeply committed to making changes. There is also a deep commitment to the Greek heritage on which the school is based and they are concerned about the potential diminishment of that through the reduction of Board personnel. Mr. Taylor complimented the school on the service that it has provided for children. He reiterated that the school needs to meet monthly with the DDOE.

Dr. Noble stated that she has heard the Board discuss the importance of an AHEPAn majority on the board to promote the mission and vision of the school. She cited other examples of schools within the state that have strong affiliations and partnerships with outside organizations without yielding control of the governance and board to the organization. These schools include, Kuumba Academy and its partnership with the Christina CulturalArts Center, First State Military Academy and its partnership with the U.S. Marine Corps, and First State Montessori. She stated that OCS's notion of mission and governance gets confounded with the arguments of the need for an AHEPAn majority. Dr. Noble stated that she is happy to see that the CSAC is moving towards eliminating that majority requirement within the by-laws given the problems that it has caused and the fact that this is the common factor in their last renewal and the issues that OCS is facing now. Dr. Noble acknowledged that she is happy to hear what the school is saying regarding making changes. The SBE believes that the school has a strong academic program, but the governance and financial issues undermine their success.

Mr. Rigas stated that having an AHEPAn majority on the Board did not cause these detrimental actions, however, it was the actions of individuals that caused harm. He stated that the excellence within the school was driven by the AHEPAn members on the Board.

Dr. Longfellow asked for any clarifying questions and offered amended conditions to reflect the changes requested by the committee.

Conclusion

CSAC members motioned to accept the following conditions. The conditions were voted on and accepted unanimously by CSAC members.

- (1) The Board of OCS shall act to change its by-laws such that, effective January 1, 2020 or sooner:
 - (a) The majority of the OCS Board will be comprised of individuals who are not members of the AHEPA family organizations ("AHEPA family" is understood to include the following organizations: AHEPA, Daughters of Penelope, Maids of Athena, and Sons of Pericles), nor are they members of the immediate family of members of the AHEPA family organizations;
 - (b) A nominating committee consisting of only the non-AHEPA family OCS Board members nominates potential future non-AHEPA family OCS Board members for

non-AHEPA family vacancies and will select/appoint them, through a fair and transparent nomination and selection process;

- (c) The AHEPA family may select its members in its own process which may or may not be open to the public and may or may not include individuals who are not members of AHEPA family organizations, however AHEPA family members must be appointed by the AHEPA family in a manner that provides gender balance among AHEPA family members;
 - (d) OCS Board Officer positions will be annually nominated from the floor; any OCS Board member is eligible to be an Officer, and each Board member has the equal right to nominate and vote for Officers (unless recused due to conflict of interest);
 - (e) A process will be established to nominate and elect from the Board each year a Vice-President/President Elect who serves one year and serves automatically as President the next;
 - (f) The office of President will annually rotate between AHEPA family and non-AHEPA family;
 - (g) Committee members and committee chairs will be selected and approved by the Board in a fair and transparent process, and members/chairs are reconfirmed at least annually by the Board;
 - (h) Any authority previously granted under current Article V (Contracts, Checks, Deposits and Funds) Section 1 (Contracts) will be revoked/nullified, and the reconstituted Board may grant new authorization if needed;
 - (i) The procedure to amend the Bylaws will contain a provision to introduce the amendment and vote on the amendment in two separate meetings of the Board on different days at least 14 calendar days apart;
 - (j) Proposed amendments will be publicized among the OCS Board, staff and parents at least seven days prior to introduction or voting;
 - (k) Out-of-state travel funded fully or partially using OCS funds, whether directly paid by OCS, or reimbursed with funds under OCS control, will be approved by the Board prior to travel; and
 - (l) As a result of the conflict of interest provisions, AHEPA family members are explicitly required to recuse themselves from matters directly impacting AHEPA family organizations.
- (2) By June 30, 2020, OCS shall recover the following sums totalling \$93,085.28 spent in a manner inconsistent with the Charter:
- (a) \$1,597.59 for the AHEPA Conference in Atlantic City, NJ paid out of OCS funds, and.
 - (b) \$91,487.69 used to establish and operate the Ithaca corporation from OCS funds;

- (3) OCS will undergo an investigatory audit with scope of work approved by the Department of Education and the Office of the Auditor of Accounts at OCS expense with any findings to be repaid as recommended by the Office of the Auditor of Accounts.
- (4) OCS will develop a plan for how to improve communication and trust between the board and the OCS community, including staff and families by March 1, 2020.
- (5) OCS will develop a plan to strengthen the capacity of its Citizens' Budget Oversight Committee and improve access to information by January 1, 2020.
- (6) OCS Board representatives and DOE representatives will meet at least once per month to discuss and evaluate progress toward meeting these conditions, with joint written progress reports to the Secretary of Education and the SBE.

Next Steps:

- On or before, June 28, 2019, the CSAC will issue a Final Report, which will include its recommendation on the Formal Review.
- A second and final Public Hearing will be held on July 8, 2019 at 5:00 p.m., 2nd Floor Auditorium, Carvel Building, 820 N. French Street, Wilmington, DE, 19801.
- The public comment period ends on July 12, 2019.
- The Secretary of Education will announce her decision and seek the assent of the SBE at the July 18, 2019 meeting.



Odyssey Charter School

Nurturing a Lifelong Love of Learning

Good afternoon and thank you for this opportunity to open today's meeting.

I am Elias Rigas, standing in for OCS Board President Josiah Wolcott. With me are Denise Parks, Head of School, Riccardo Stoeckicht our Campus Operations Officer, Karen Thorpe Financial Consultant, Vanessa McCall Budget officer, and William Manning.

We are here today representing The Odyssey Charter School which was founded in 2006 to promote the Greek principles of education, philanthropy, civic responsibility, family and individual excellence through community service and volunteerism. Our beginning was humble, our growing pains apparent.

Our common goal here today is almost certainly the success of our 1800 students.

The Formal Review process has been a catalyst for change. We recognize that as a Board we must and will transform how we function. The Board's inadequate governance process and lack of transactional transparency has led us to this juncture.

The Board understands our past governance protocols did not work. We are in this situation because decisions were made, sometimes without proper Board approval, and these outcomes have created confusion and eroded trust.

On behalf of the OCS Board please be assured we are working to implement new governance procedures that will prevent this from happening again. The Board understands that every charter school is a public school under the law, and that the Board needs to do better and achieve complete transparency about its decisions, regardless of whether it is spending public or other funds.

The question of expenditures can be explained because OCS is both a school and a landlord. Our vision has always included cultivating tenants that bring in earned income to support our school. Clearly, there was insufficient sensitivity around defining the respective roles of OCS and Ithaka, leading to misunderstandings and some weighty confusion.

Of the expenditures being scrutinized in the past few months. To our knowledge, none involved the outlay of public funds given to charter schools from State and local districts under the Charter School Law. Instead, they were made with OCS revenues from other sources – primarily rents and contributions.

We expect, with DOE's approval, to adopt an overhaul of several critical governance processes, including a more robust conflict of interest policy.

Which leads me to the criticism of the board composition and the designation of an AHEPA majority.





As I think most would agree, OCS is a fine public school with a record of which it can be proud. This is attributable to our dedicated school leadership, passionate teachers, as well as the guidance and energy provided by members of AHEPA. This is a structure that has worked well to establish OCS as a leading charter school.

- As Chief Justice Veasey has opined, in and of itself, AHEPA's right to designate a majority of the Board does not constitute a conflict of interest. Instead, the problem arises when the Board does not properly recognize a conflict. As the Board proposed several weeks ago, we expect to adopt and enforce a strong new conflict of interest policy, subject to DOE approval, that will require the recusal of Board members that are also members of AHEPA (or the Daughter of Penelope) whenever a matter to be decided involves the interests of both AHEPA and OCS.
- In addition, rigorous reporting requirements will be included in our new policy and in those cases where conflicts arise, decisions will be made exclusively by non-AHEPA members.

We have already identified procedural weaknesses and have started to introduce protocols to prevent conflicts of interest, and eliminate opportunities for potential misuse.

In the OCS response to the DOE on May 1 we laid out plans to contract with a consultant on governance issues, the Delaware Alliance for Nonprofit Advancement (DANA). The output of this consultancy contract is to analyze the past and current processes and develop a path forward. This will include a plan to implement the necessary process controls to effectively address current governance deficits. As any new governance concerns come to light during the DANA evaluation, they will be addressed as part of the analysis and implementation process OCS is undertaking.

The first of these new protocols will be implemented by the Board within 60 days of DANA's final recommendation or sooner, whenever possible.

We will keep CSAC fully apprised to any new developments. OCS leadership is available to meet at your convenience to further discuss the issue.

Thanks you for your time.

Move on to DOE Questions:







June 21, 2019

Charter School Accountability Committee
Delaware Department of Education
401 Federal Street
Dover, DE 19901

Members of the Charter School Accountability Committee (CSAC),

On behalf of the Odyssey Charter School (OCS), I take this opportunity to make you aware of an issue of significance recently brought to the attention of the full school board. We do this in the interest of full transparency, and to ensure it be discussed, as needed, during the formal review process.

In late 2017, someone without board approval committed to expenditures for real-estate improvements to one of OCS' buildings. The OCS board was not asked to approve these expenditures. This is yet another example of why our previous governance protocols do not work, and why we are working to implement new governance procedures that will prevent this from happening again.

Chatham Bay Construction (CBC), an on-site contractor at the time, was asked by previous board chair Dimitri Dandolos to perform additional construction work in building 27. This was to advance the development of the site for the housing of Ithaka Early Learning Center. It is our understanding Mr. Dandolos authorized this work in his capacity with Ithaka and did not include the OCS board in the decision. Mr. Dandolos anticipated paying for the additional construction work through Ithaka fundraising initiatives. The fundraising goals were not met and some of the monies for the project are still outstanding. In March 2019, CBC contacted Mr. Dandolos for payment, presenting a draw request for \$177,217 with supporting documentation. Subsequently, and considering a potential change in direction by school administration regarding future fit-out work, he threatened litigation if a payment plan for the balance of some \$155,000 was not developed with OCS. Most OCS board members were unaware of this until the June 19, 2019 board meeting, when they were fully briefed of this matter.

At that same board meeting, members voted unanimously to move forward with a new construction company, not CBC. The primary driver for administration's recommendation was that retrofit advances made to CBC for the building of an elevator and the construction of a large gym had not been fully expended, nor returned to OCS. In addition, some subcontractors have claimed that CBC had not paid them for work completed on behalf of certain OCS projects. The amounts currently in question are some \$75,000 in potential refunds, and some \$70,000 in payments still due to sub-contractors.

We are in discussion with CBC to, hopefully, resolve these issues successfully.



Below please find a detailed timeline of the unauthorized expenditure for real-estate improvements:

- In the December 2017 to February 2018 period, Mr. Dandolos requested Chatham Bay Construction (CBC) do additional construction work in building 27 to advance the development of the site for the housing of Ithaka Early Learning Center (ELC). Mr. Dandolos authorized this work in his capacity with Ithaka.
- Ithaka was awarded a \$100,000 Welfare Grant early December 2017 which was earmarked to pay for some of the project. However, Ithaka experienced limited fundraising success thereafter, restricting its ability to pay CBC.
- A demand assessment conducted in the December 2017 to February 2018 timeframe showed that parents were reluctant to commit to a sight-unseen service provider, further emphasizing the need for a completed site to maximize recruitment efforts.
- Considering the above, Messrs. Dandolos and Stoeckicht (in his consultancy role at the time) put the Ithaka launch initiative on hold, postponing the proposed September 2018 opening.
- CBC has held the draw request for the work since February 2018 and formally issued it to Mr. Dandolos on March 19, 2019. This draw request is for \$177,217.
- It is our understanding that, after the February 2nd AHEPA Gala, Mr. Dandolos issued, on behalf of Ithaka, two payments to Chatham Bay (CBC), for a total of \$23,000. According to Mr. Freebery, CBC credited this payment against the outstanding draw request. CBC is requesting payment for the aforementioned balance and the company threatened legal action, if necessary, to get reimbursed.
- Since then, we have:
 - Informed the OCS board of this matter at the recent June 19 board meeting.
 - Discussed it with the Charter School Office on June 20.
 - Reviewed all OCS board meeting minutes for the September 2017 to February 2018 period, and confirmed that the OCS board did not authorize this work.
 - Sought to continue constructive discussions with CBC to protect the school's best interests regarding the matter, and seek resolution.
 - Started the process of collecting any available supporting documentation on the draw request, regarding the approval process for the work and any communication with the board on the matter

We understand the reason this happened is due to inadequate governance protocols, and we recognize that we must and are willing to change.

In the OCS response to the DOE on May 1 we laid out plans to address governance issues which included a contract with the Delaware Alliance for Nonprofit Advancement (DANA). The output of this consultancy contract is to analyze the past and current processes and develop a path forward. This will include a plan to implement the necessary process controls to effectively address current governance deficits.



We have already identified procedural weaknesses and have started to introduce protocols to prevent conflicts of interest, unauthorized allocation of funds, and eliminate opportunities for potential misuse. As any new governance concerns come to light during the DANA evaluation, they will be addressed as part of the analysis and implementation process OCS is undertaking.

The first of these new protocols will be implemented by the Board within 60 days of DANA's final recommendation or sooner, whenever possible.

We will keep CSAC fully apprised to any new developments. OCS leadership is available to meet at your convenience to further discuss the issue.

The Odyssey Charter School was founded to promote the Greek principles of education, philanthropy, civic responsibility, family and individual excellence through community service and volunteerism. The board is committed to implementing new governance protocols to ensure the continued growth of the school and the success of our 1800 students.

Respectfully submitted,

Elias Rigas (on behalf of Josiah R. Wolcott, President)



Order of AHEPA
Wilmington Chapter #95
Holy Trinity Church
808 North Broom Street
Wilmington, DE 19803

From: AHEPA Wilmington Chapter 95
To: Secretary of Education Susan Bunting
Date: June 23, 2019

Dear Secretary Bunting:

AHEPA Chapter 95 has delivered the attached letter to the Odyssey Charter School (“OCS”) Board of Directors indicating our intention to provide AHEPA’s full commitment and resources to support and develop the Ithaka Early Learning Center (“Ithaka”) as a viable and contributing member of the Barley Mill Campus. This will include satisfying obligations as documented in the promissory note for \$91,487.69 executed between Ithaka and OCS and the existing obligations incurred with Chatham Bay Construction.

It is our intent that Ithaka will:

- Provide educational services for the 0 - 5 years old age group using the highly effective Reggio method to Early Learning, and
- Dedicate 60% of the school’s approximately 220 seats to children from underprivileged backgrounds.

We expect Ithaka to create 20-25 new teaching and administrative positions during the first two years of operation and this number is expected to grow as the school becomes fully matriculated. In addition, Ithaka will contribute to national and international efforts to enhance Early Learning Education by functioning as a research and teaching facility in partnership with the University of Delaware and University of Patras, Greece. As you are no doubt aware, these two institutions already have a fully developed partnership in the Human Development and Early Learning fields. AHEPA views its commitment to Ithaka as separate from, and a complement to, its commitments to Odyssey, and remains committed to the development and success of Odyssey, as well. With regard to Odyssey, among other things:

- AHEPA maintains the relationship with the Greek Ministry of Education through which the Ministry assigns educators to Odyssey at the Ministry’s cost - a financial contribution by the Ministry to Odyssey so far on the order of over \$2 million dollars;
- AHEPAns have raised over \$2.7 million dollars in grants and donations for the benefit of Odyssey; and
- The AHEPA Gala raised over \$100,000 for the school.
- AHEPA is working to help raise \$2,000,000 for the Gymnasium; and
- AHEPA is working to help raise the \$400,000 needed to pay for the Building 23 High School expansion.

AHEPA fully supports the proposals submitted by the current OCS Board, including those regarding strengthening governance and controls and avoiding even the appearance of conflict of interest.

We believe that there are valuable educational, research and operational synergies to be achieved from a campus that includes Ithaka, Odyssey and schools such as Academia Antonio Alonso, and we look forward to participating in the growth and success of all of them to create a truly global educational opportunity for Delaware students.

Respectfully,

AHEPA Chapter 95 Executive Committee

Cc: Charter School Accountability Commission
Attachment(s) - 1

PLEASE SUPPORT YOUR CHURCH AND ALL COMMUNITY ORGANIZATIONS



Order of AHEPA
Wilmington Chapter #95
Holy Trinity Church
808 North Broom Street
Wilmington, DE 19803

From: AHEPA Wilmington Chapter 95

To: Mr. Josiah Wolcott, Board President Odyssey Charter School

Date: June 23, 2019

Dear Mr. Wolcott (Joe),

The Ithaka Early Learning Center ("Ithaka"), a 501(c)(3) organization, was been formed with the intent of occupying, as a rent-paying tenant, the 1st floor of Building 27, located at Odyssey's Barley Mill Campus.

We strongly believe that such a school will contribute greatly to our community's needs and quality of life and, as such, Ithaka also aligns perfectly with AHEPA's Educational and Philanthropic goals and objectives.

Thanks to initial support from Odyssey, including as documented in the promissory note for \$91,487,69 executed June 17, 2019, AHEPA is prepared to provide its full commitment and resources to support and develop Ithaka as a viable and contributing member of the Barley Mill Campus. This will include satisfying the existing obligations incurred with Chatham Bay Construction.

It is our intent that Ithaka will:

- Provide educational services for the 0 - 5 year old age group using the highly effective Reggio method of Early Learning;
- Dedicate 60% of the school's approximately 220 seats to children from underprivileged backgrounds; and
- Provide priority matriculation to children of the campus staff members and existing Odyssey families.

AHEPA views its commitment to Ithaka as separate from, and a complement to, its commitments to Odyssey, and remains committed to the development and success of Odyssey, as well. AHEPA fully supports the proposals submitted by the current OCS Board, including those regarding strengthening governance and controls and avoiding even the appearance of conflict of interest.

We appreciate the opportunity to discuss this matter with you and your Board at your earliest convenience.

Respectfully,

AHEPA Chapter 95 Executive Committee

PLEASE SUPPORT YOUR CHURCH AND ALL COMMUNITY ORGANIZATIONS