

Resolution No. 2026-01
Denying the Charter School Petition for Bridges of Promise Academies
by the Governing Board of the Menifee Unified School District

WHEREAS, pursuant to Education Code Section 47600 *et seq.*, the Governing Board of the Menifee Unified School District (“District”) is required to review and consider authorization of charter schools; and

WHEREAS, on or about May 2, 2025, Jacob Kaaekuahiwi, Chief Strategy & Development Officer, Propel, a Charter Management Group, Inc. (“Propel”), emailed and hand-delivered to the District Office a Charter School Petition (“Charter”) and a certificate of completeness for the proposed Bridges of Promise Academies to be operated and governed as Bridges of Promise Academies, Inc., a nonprofit public benefit corporation. The terms “Bridges” and/or “BOPA” and/or “Charter School” and/or “Bridges of Promise” are used herein collectively, individually, and interchangeably to refer to both the Corporation and/or the proposed Bridges of Promise Academies; and

WHEREAS, Propel provides the back-office services for Options for Youth (“OFY”) and Opportunities for Learning (“OFL”) schools in Los Angeles, Ventura, San Bernardino, and Riverside counties. As specified in an April 17, 2017 Board report published by Los Angeles Unified School District (“LAUSD”), pertinent provisions of which are attached hereto as Exhibit “A” and the Charts created by LAUSD are attached as Exhibit “B”):

The OFY and OFL charter schools are governed and operated by a group of corporations that are affiliated with a larger network of more than 70 for-profit and nonprofit corporations owned and/or controlled by the founders of Options for Youth, John and Joan Hall (spouses), and other members of the Hall family) The network includes but is not limited to 20 or more for-profit corporations such as Education Dynamics, Inc. as well as four Education Management Systems companies, three of which are incorporated in the state of California and one that is incorporated in Delaware. Education Management Systems manages Opportunities for Learning (OFL) charter.

The LAUSD report further provides:

The management history of OFY and OFL charter schools has been riddled with governance and operations issues that appear to remain largely unresolved in the petitioners’ current business practices. In particular, their persistent engagement in related party transactions with and among their affiliated for-profit and nonprofit companies continues to make their governance and operations dangerously susceptible to self-dealing and conflicts of interest, and wholly inconsistent with the public purpose and interests at stake in the operation of a public school.

WHEREAS, in accordance with the Charter Schools Act of 1992 (Ed. Code 47600 et seq., “CSA”), the Charter was deemed received on the date of its delivery to the District Office with the certificate of completeness, thereby commencing the timelines for District Board action thereon; and

WHEREAS, the District Board conducted a public hearing on the provisions of the Charter on June 17, 2025, pursuant to Education Code Section 47605, at which time the District Board considered the level of support for this Charter by teachers employed by the District, other employees of the District, and parents. The lead petitioner spoke in favor of the charter school. Several District teachers spoke in opposition of the Charter. No parents, District teachers, or other District employees spoke in favor of the Charter during the public hearing; and

WHEREAS, in accordance with the requirements of Education Code Section 47605(b), the District published its staff recommendations, including the recommended findings, regarding the Charter, including the proposed resolution of denial (collectively “Staff Recommendations & Findings”), by posting the proposed Staff Recommendations and Findings to the District’s website and providing this information to Bridges at least 15 days prior to the District Board’s action, on July 14, 2025; and

WHEREAS, the Charter proposes a TK-8 school that would open with 438 students in grades TK-4 in the 2027-28 school year, with a total enrollment capacity at full roll out of 789 students. Bridges is seeking a term of July 1, 2027, through June 30, 2032 (which is effectively seven years due to the timing of the Charter submission), although the CSA prohibits the District from granting an initial charter term for a period longer than five years; and

WHEREAS, in reviewing the Charter for the establishment of Bridges, the District Board has been guided by the intent of the Legislature that charter schools are and should become an integral part of the California educational system and that establishment of charter schools should be encouraged, and the District Board has considered the academic needs of the students the Charter School proposes to serve; and

WHEREAS, the District Board finds that, given the nature and operational structure of independent charter schools and the necessity that they operate independently outside of the traditional non-charter public school system and the structure of a school district and in accordance with the law, it is imperative that any charter petitioner establishes its capacity to prepare a fully formed and compliant charter petition that comports with the requirements of the Charter Schools Act and establishes that approval is consistent with sound educational practice and the interests of the community where the charter school proposes to locate. The District Board further finds that it is not the District’s role to provide a “roadmap” to approval or substitute the District’s experience and expertise for that of the charter petitioners. Instead, charter petitioners must establish that they will be able to operate the proposed charter school independently and in a manner that serves students and provides them with a sound educational experience by providing a clear, complete, fully developed, and reasonably comprehensive charter petition that complies with the requirements of the Charter Schools Act; and

WHEREAS, charter schools are subject to the requirements of federal law, including, but not limited to, the Family Educational Rights and Privacy Act (“FERPA”), 20 U.S.C. § 1232g, the Individuals with Disabilities Education Improvement Act (“IDEA”), 20 U.S.C. §1400, *et seq.*,

Section 504 of the Rehabilitation Act of 1973 (“Section 504”), and the Americans with Disabilities Act of 1990, as amended (“ADA”); and

WHEREAS, the District staff, working with District legal counsel, has reviewed and analyzed all information received with respect to the Charter and information related to the operation and potential effects of the proposed Charter School, and based on that review, prepared and published the Staff Recommendations & Findings, and made a recommendation to the District Board that the Charter be denied by adoption of this Resolution No. 2026-01 adopting the findings of denial set forth herein; and

WHEREAS, the District Board has fully considered the Charter submitted for the establishment of Bridges, statements and information presented at the public hearing, and the Staff Analysis and Recommendations, including the recommended findings set forth in the proposed resolution included in the Staff Analysis and Recommendations; and

WHEREAS the District Governing Board specifically notes that this Resolution No. 2026-01 does not necessarily include findings relative to every defect in the Charter submitted but is limited to a few of the most significant issues in the Charter. Not only are the findings set forth herein legally sufficient to support the District Board’s denial of the Charter, but also it is imperative, should these petitioners ever decide to propose another charter, either to the District or elsewhere, that such petition establish that the petitioners themselves have the knowledge, understanding, and expertise necessary both to write an educationally, fiscally, and practically sound charter petition and to open and operate a sound charter school, not just respond directly to findings of this Board;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the Governing Board of the Menifee Unified School District finds the above-listed recitals to be true and correct and incorporates them herein by this reference.

BE IT FURTHER RESOLVED AND ORDERED that the Governing Board of the Menifee Unified School District, having fully considered and evaluated the Charter for the establishment of Bridges pursuant to Education Code Section 47605, hereby denies the Charter and finds that approval of the Charter is not consistent with sound educational practice and with the interests of the community in which the Charter School is proposing to locate, based upon the following grounds and factual findings:

- A. The petitioners are demonstrably unlikely to successfully implement the program set forth in the Charter. [Education Code Section 47605(c)(2)]
- B. The Charter School presents an unsound educational program for the pupils to be enrolled in the Charter School. [Education Code Section 47605(c)(1)]
- C. The Charter does not contain reasonably comprehensive descriptions of all of the required elements. [Education Code Section 47605(c)(5)]

BE IT FURTHER RESOLVED AND ORDERED that the Governing Board of the Menifee Unified School District hereby determines the foregoing findings are supported by the following specific facts:

I. THE PETITIONERS ARE DEMONSTRABLY UNLIKELY TO SUCCESSFULLY IMPLEMENT THE PROGRAM SET FORTH IN THE PETITION. [EDUCATION CODE SECTION 47605(c)(2)]

A. Unrealistic enrollment projections

The Charter School's enrollment projections do not appear reasonable and lack adequate supporting evidence or documentation, including an interest list of prospective students or any indicia of interest in the school by students or parents.

Petitioner's comments at the June 17, 2025, public hearing provided no legitimate basis for the enrollment projections beyond asserting there is a desire for this type of educational program in the Menifee area due to population growth in the area. The Petitioner's assertion was apparently based purely on unsupported and self-serving assumptions. The mere fact that the geographic area is experiencing growth does not necessarily mean that there is a need or desire for charter schools in the area generally, nor for the particular type of charter school proposed by Bridges in particular. The District is prepared and able to continue serving the students who reside within its boundaries, including as the area may experience population growth. Bridges' unsupported claim that because there may be more students in the area due to population growth, those students demand or desire to attend the proposed Charter School, is unconvincing and unreliable. Bridges has apparently done nothing to determine whether there is a local desire or need for the school it is proposing, much less a school of the large size it purports to "project."

Indeed, Bridges did not submit any evidence of student/family interest in or demand for Bridges to open in Menifee or in the general geographic area. Bridges relied on teacher signatures in submitting the petition, so they did not submit any signatures or other support indicating that it had located even a single interested family, and no prospective parents or students spoke at the public hearing or otherwise expressed their support for the Bridges program to open in Menifee.

The Charter anticipates first year enrollment at 435 students in only grades TK-4 and projects that enrollment will have nearly doubled to 789 students by its fifth year of operations. This is a very large initial enrollment number that is not consistent with typical initial enrollment for a new charter school. Bridges further "projects" the enrollment will increase at a dramatic rate, with no explanation or evidence for the enrollment or growth estimates. Again, population growth in the area is not enough to support these numbers, and Bridges has provided absolutely no evidence to support its unrealistically optimistic assumptions.

The students who reside within the District are Bridges' target population, but the District's non-charter schools are among the top performing in the area and generally there is a very high degree of satisfaction with the District's schools and programs, thereby providing a limited population from which this untried and unproven Charter School would be drawing. Bridges' "projections" are outsized compared to typical start up charter school enrollment, and the District cannot

simply accept Bridges' assumptions without a single indicator or piece of evidence supporting those assumptions.

The Charter School's funding and budget will depend primarily on the number of students enrolled and their attendance. The more students, the greater the funding. The overestimated projected enrollment indicates that Bridges' budget projections are similarly unsound, and the proposal is likely to create an unworkable budget and correspondingly unstable educational program for the proposed students, and an inability for the Charter School to establish and implement with fidelity the program described in the Charter. Unfortunately, unsound and unbalanced budgets (often due to overestimating revenues because of overly optimistic enrollment/attendance assumptions and underestimating expenses, including because a certain level of funding and services are necessary regardless of how small the student population) lead to charter schools closing or failing to provide the program promised in their charter, at students' expense. To wit, in its June 2023 publication, FCMAT's *Charter School Indicators of Risk* includes as one such risk indicator, "Enrollment and/or ADA projections and assumptions not based on historical data, industry standards, and other reasonable considerations."¹

As such, Bridges' baseless assumptions that are unsupported by any actual evidence or indicia of student/family interest in or support for the proposed school, combined with its inflated enrollment "projections," establish an unacceptably high level of risk and demonstrate that Bridges is unlikely to be able to implement the program described in the Charter.

B. Teacher signatures are not from local educators.

In support of the Charter, Petitioners submitted teacher signatures (primarily from individuals who are affiliated or associated currently or in the past with OFY and OFL and/or an affiliated company of those organizations, which organizations and/or their leadership, in turn, appear to be affiliated with the proposed Bridges, its lead petitioner, and/or its charter management organization, Propel), not any educators from the Menifee area. These teachers apparently already have jobs in other geographic areas with OFY and OFL and related organizations and thus are unlikely actually to relocate to Menifee to accept employment in two years at the proposed Charter. Instead, these signatures appear more likely to serve as general support by these OFY/OFL employees/affiliates for their employer and its related entities than an actual indication of meaningful interest in teaching at Bridges.

C. Uncompetitive personnel compensation and benefits.

Bridges' planned salaries and contributions to health and welfare benefits are extremely low when compared to the District, and it is unrealistic and unconvincing that Bridges will be able to successfully recruit and retain high quality certificated

¹ *Charter School Indicators of Risk or Potential Insolvency* (last revised 6/28/23) available at: <https://www.fcmat.org/indicators-risk> and <https://www.fcmat.org/PublicationsReports/Charters%20Indicators%20of%20Risk.pdf> [last visited on 1/10/2024]

and noncertificated staff at these uncompetitive rates, particularly given the current teacher shortage.

Additionally, the Charter does not propose offering either STRS for certificated employees, or PERS for noncertificated employees. Based on the combination of the low salaries and the lack of STRS or PERS, the District does not believe that the Charter School will be able to recruit and retain highly qualified staff. It is worth reiterating that the signatures of teachers Bridges used in submitting the Charter were all from teachers who are currently or have previously been affiliated with OFL and OFY, and/or its related entities, rather than teachers who live in the area who have indicated an interest in working at the proposed school, again indicating a lack of local interest. It is even less likely that teachers and noncertificated personnel would relocate to the Menifee area in order to take jobs for noncompetitive wages and benefits.

D. The Charter and its description of the overall governance and operational structure of the proposed Charter School are fundamentally lacking transparency.

The Charter anticipates contracting with Propel to provide back-office services to the Charter School. Despite what should be an arm's length transaction – and which the Charter attempts to imply is such by scrupulously avoiding any description of the interrelationships between the various entities involved – multiple aspects of the proposed arrangement suggest a far closer relationship and also indicate that Propel will have significant control over the operations of the proposed school. This relationship may conflict with the provisions of Education Code Section 47604.

1. Propel, the proposed back-office provider, submitted the Charter.

The Charter was submitted to the District by Jacob Kaaekuahiwi, Chief Strategy & Development Officer for Propel, and not by the proposed Charter governing entity or planned administrator. Submission of a charter petition by a back-office vendor is highly unusual and not consistent with the services generally offered by a back-office services provider.

Instead, typically a representative of the charter school itself or the charter management organization (“CMO”) that is proposed to “operate” the charter school, submits the charter and serves as lead petitioner and contact person. While Propel is, in fact, a CMO, the Charter specifies that Propel is not going to “operate” (as defined in Education Code Section 47604) the proposed Charter School, but instead, will serve only as a contracted back-office services provider. Back-office providers should provide operational support to the school's governing board and administration, not serve in their place. If a back-office provider is effectively serving in the role of the governing board and administration, it is highly likely that it is, in fact, “operating” the school, and that governance structure should be explicit, including a clear commitment that the provider will comply with the requirements of the Charter Schools Act, including the transparency

requirements of Education Code Section 47604.1. In Bridges' case, however, the Charter instead explicitly attempts to avoid such an acknowledgement and compliance.

2. Per media reports and reports submitted to the California Department of Education for funding determinations, Propel provides back-office services to ten OFL and OFY charter schools in Los Angeles, Riverside, Ventura and San Bernardino Counties. Critically, no mention of Bridges' and/or Propel's affiliation or relationship with OFL and OFY was mentioned in the Charter or brought to the District's attention during the petition review process.

While the Charter fails to provide clarity or detail regarding the makeup and structure of the various interested and controlling entities, and/or the relationships between and among all these entities, it is evident that they *are* all associated and related and share at least some personnel. They are not entirely separate entities, which the lack of such description seems to attempt to imply. For example, a review of the Corporation's Articles of Incorporation, the Bridges of Promise Academies, Inc.'s principal place of business is 800 S. Barranca, Covina, California 91723. Propel has the same address, thus evidencing the extremely close relationship between the proposed school and Propel and clearly indicating that the Charter's efforts to indicate that these are separate entities is effectively a fiction and the bylaws indicates that the corporate office for the Corporation that is proposed to govern the Bridges school is at the same address as Propel. This fact alone evidences that Propel is not a separate, third party back-office services provider.

As explained above, members of the Hall family are the founders and/or operators of a large network of both nonprofit and for-profit corporations, and numerous OFY and OFL corporations, as well as Pathways in Education, and the for-profit Education Dynamics Inc. and Education Management Systems corporations. The interrelationships and fiscal and operational structures of these various entities, their operators, and staff (and the reasons for the proposed various corporate layers controlling the proposed Charter School's operations) relative to the operation of the proposed Bridges are not clear or defined. They appear to be structured to obfuscate rather than clarify and provide transparency.

This failure of transparency is inconsistent with the standards and mandates of the Charter Schools Act, the best interests of the proposed students, and the public interest. The District Board further finds that this lack of transparency establishes that the petitioners are both demonstrably unlikely to successfully implement the program set forth in the Charter, because it is not set forth with clarity and transparency, and, moreover, by definition, this failure establishes that the description of the governance structure is not reasonably comprehensive, as discussed more fully below.

While related-party transactions are not categorically unlawful for non-profit corporations or charter schools, there is an inherent risk of favoritism and concern that personal interests may influence decisions, rather than all decisions being made solely for the benefit of the Charter School and its students. Of course, misleading or inaccurate descriptions of the governance and/or operational structure of a proposed charter school, or relationships that violate conflict of interest laws or other public transparency mandates, would be unlawful. The complexity of this group of for-profit and nonprofit entities and the lack of transparency and information submitted by the Petitioners increase the potential for unjust enrichment, favoritism, and conflicts of interest. These concerns are exacerbated by the fact that the Charter and its proposed operations are structured such that most of these entities – which are really operating and controlling the proposed Charter School for all intents and purposes – are not subject to the public transparency laws and prohibitions against conflicts of interests. Again, this is contrary to the intent of the Charter Schools Act and the best interests of students and the public.

It is notable that multiple other proposed and/or current chartering authorities for various OFY and/or OFL charter schools have raised the confusing and convoluted interrelationships between various individuals and entities proposed to serve or serving in the governance, fiscal, facilities, and operational structures of these schools, as a substantial concern when considering petitions to approve or renew OFY and/or OFL charter schools. The District is aware of efforts by such potential chartering authorities, including LAUSD as described above and detailed in Exhibits A and B, to attempt to untangle and understand the proposed and existing relationships and structures in order to understand the proposed charter operations and to determine legal compliance, including compliance with the prohibitions against conflicts of interests. Nevertheless, this Charter for Bridges does not provide clarity and transparency on this point, but instead it appears purposely obscure. This opacity contravenes the mandates for transparency and accountability in the operation of California's public charter schools. The District Board shares concerns that LAUSD raised regarding this proposed arrangement and governance and operational structure.

3. Corporate bylaws allow unfettered delegation of responsibility to Propel.

The Charter does not indicate how the initial Charter Board members were selected or who appointed them to the Board. Once appointed, these directors can serve an indefinite number of terms, meaning that there is limited ability to change the Board after it was initially selected.

Given that Propel submitted the Charter and a Propel employee is the Lead Petitioner, it seems likely that Propel chose or played a significant role in choosing these initial Charter Board members, which is, again, the tail wagging the dog – an independent Board should select the proposed Charter

School's vendors, rather than a vendor who is not subject to public accountability selecting the Board.

The corporate bylaws also provide: "The Board may delegate the management of the Corporation's activities to any person(s), management company, or committees, however composed, provided that the Corporation's activities and affairs shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board." This authority in the bylaws exacerbates the concern that Propel will operate the proposed school without complying with the CSA or transparency mandates. The District Board is being asked to approve the Charter with this specified governance structure, but this single sentence in the bylaws effectively authorizes the Charter Board to allow another individual or entity to essentially operate the proposed Charter School, particularly as "under the ultimate direction of the Board" is undefined.

E. The fiscal relationship between Propel and Bridges raises concerns.

The Charter's plan for financial stability is highly unusual. More specifically, the Charter states that "Propel has agreed to provide a line of credit, if needed, to assist with cash flow during the initial year. This added flexibility ensures that Bridges can maintain smooth operations while preparing for long-term sustainability." If it becomes necessary for Bridges to access this line of credit, such an arrangement would result in the back-office vendor having a direct fiscal interest in the financial operations of the Charter School, rather than a fee for services arrangement. The terms of such a proposed arrangement are not described in the Charter, nor was a proposed agreement governing the terms of such a line of credit submitted with the Charter for review.

Any arrangement whereby a contracted services provider has an ongoing vested interest in the Charter School's finances, including ensuring that the Charter School has funds adequate to repay a loan with interest, or similar arrangement, rather than a straight fee for services arrangement, carries a substantial risk that the contractor's own financial interest may trump sound educational and operational decision-making that prioritizes student learning. This is particularly true if the vendor is the back-office services provider that will be developing Bridges' budget and financial plans.

A mere offer of a line of credit as the source of funding is meaningless without knowing the specific terms of any such line of credit. For example, the District has no way of determining if the line of credit would be at a usurious rate of interest that the Charter School could not afford to repay, particularly while implementing the program as described in the Charter. The terms of the agreement could also lead to a never-ending cycle of debt due to the need to repay the line of credit potentially driving the ongoing need for a new line of credit from Propel to meet current expenses.

The specific terms of such an arrangement are fundamental to the overall analysis of the Charter proposal, including the soundness of the budget and whether the proposal is realistic, as well as how the entire line of credit and financial picture shake out if enrollment/attendance is lower than the unrealistic projections.

The very fact that the Charter School and Propel have not come to terms on the proposed arrangement (but instead propose that their lawyers will negotiate such terms in the future) means that the Petitioners and the Charter Board themselves do not know and have not properly and fully considered these same questions and implications. This includes a realistic assessment, based on solid facts and analysis, of whether the Charter School could be successful under these financial circumstances. Finally, it is not appropriate for the attorneys simply to negotiate the terms of the agreement – the attorneys can negotiate some of the legal terms, but the financial terms need to be known and agreed upon by the Charter Board and administration, including the CBO or similar, as part of the planning process for the school in order to know if the proposal is fundamentally sound and financially viable.

F. Failure to provide draft contract with Propel.

The proposed agreement between Propel and Bridges was not submitted with the Charter. Propel serves as back-office provider for many of the OFL and OFY schools, so failing to provide the proposed contract is inexplicable as many of the terms would presumably be the same for a contract with Bridges as it is for the contracts with OFL and OFY. Instead of providing the anticipated contract, the Charter simply states that the agreement will be “negotiated by legal counsel.”

As noted in the Charter, Propel serves 10 schools in Los Angeles, Riverside, San Bernardino, and Ventura counties, but the Charter fails to explain how the proposed Charter Board selected Propel to serve as the back-office provider. (In fact, as noted above, it appears to be the reverse – that Propel may have actually selected the members of the Charter Board.) The Charter also does not discuss whether the Charter Board could decline to approve Propel’s contract (if not, there is not much to “negotiate” as Propel would have all the negotiating power), or if the Charter Board would have the authority to terminate the contract with Propel or to retain a different back-office provider either initially or during the charter term, or use the services of Bridges’ employees for some of this work.

Naturally, having the ability to weigh various options for such services would substantially increase Bridges’ bargaining position and could result in significant cost savings. Given the intertwined, but unexplained, relationship between Propel and the proposed Bridges, it seems unlikely that the use of Charter School employees or an alternative back-office provider – even one that is more efficient and/or less expensive – has been contemplated or is a possibility.

If Bridges is compelled to continue using Propel’s services – which is the implication given the close relationship indicated in the Charter and the set

percentage fee basis for services – then Propel is effectively governing and controlling the proposed school and the Charter Board does not have independent governance authority. This is inconsistent with the governance structure described in the Charter, and the District finds such an arrangement unacceptable.

Additionally, it is entirely unclear precisely what services Propel will provide to the proposed school in exchange for a fee of 13.5 percent of Bridges’ expenses. The budgetary documents project that Propel will receive the sum of \$835,882 in Bridges’ first year of operations, and by year 5, when the Petitioners project Bridges to be at full build out, Propel’s fee is estimated to be a whopping \$2,030,691, again reflecting 13.5 percent of Bridges’ overall budget. As such, Propel’s financial interest in this proposal and Bridges’ operations are evident, as is the necessity of defining specifically what services Propel would provide to the proposed Bridges school for this extraordinarily high fee. Similarly, the need to clarify the interrelationships between Propel, and the Bridges school and corporate entity, ensure transparency, and protect against any conflicts of interest or other improprieties, is equally evident. Unfortunately, the Charter’s failure to acknowledge or address any of these issues is inconsistent with the transparency necessary and legally required for a charter school’s operations and for the District to determine that the proposal is sound and that the petitioners will be able to implement the program as set forth in the Charter.

G. Inadequate indemnification/insurance provisions.

The Charter provisions on insurance and indemnification are not adequate to protect the Charter School or the District from potential liability for Bridges’ acts or omissions, even though Bridges purportedly will be operated as a 501(c)(3) nonprofit public benefit corporation. A substantial factor affecting the likelihood of a charter school’s success depends on whether its petition budgets adequately for “general liability, workers compensations, and other necessary insurance of the type and in the amounts required for an enterprise of similar purpose and circumstance.” (Cal. Code of Regs., title 5, § 11967.5.1(c)(3)(C).)

The insurance levels budgeted by the Petitioners are woefully inadequate for the proposed Charter School, and do not comply with current expectations, best practices, and realistic assessments of potential liabilities for a charter school and/or charter management organization, nor for any claims that may be made against the District as the proposed chartering authority. Thus, the District finds that the Charter does not contain adequate assurances that the Charter School will acquire and maintain coverage in amounts and types that comply with the District’s standards and expectations to protect the District and its stakeholders, as well as the Charter School and its students, employees, and community members, from potential liabilities created by Bridges’ operations. The failure to adequately require and budget for appropriate insurance and indemnification, defense, and hold harmless protections further runs afoul of the mandate that the Charter School provide information about the potential civil liability effects upon the Charter School and the District. The lack of planning and budgeting for appropriate

coverage indicates a failure to understand and protect against such potential civil liability effects and creates an unacceptable level of risk.

H. Facility.

The Petitioner is required to submit a description of the facility to be used by the Charter School, including specifying where the Charter School intends to locate, and is also required to include financial statements that include a proposed first-year operational budget, including startup costs, and cashflow and financial projections for the first three years of operation. Together, these budget documents and the description of facilities, in addition to the specified information about the location, necessarily must include terms, budgeted costs (of the facility and improvements) and funding sources, minimum attributes required of any facility to be used for the Charter School, and related matters, in order for these required documents and information to be pertinent and useful in assessing the Charter and for the budget documents and facility plan to be reasonable and reliable.

The Charter indicates that it is working with Building Hope Real Estate, a nonprofit, to build a facility on a five-acre site in Menifee and has also identified an alternate site if the primary site is not viable. The Charter does not fully describe how the site will be acquired, how the building will be constructed, or how these projects will be financed.

Based on information publicly available and on the Building Hope Real Estate website, however, it is expected that Building Hope will own the property and issue bonds to purchase and develop the same and thereafter will lease the building to Bridges via a long-term lease. Such arrangements have become fairly common in the charter arena, but such arrangements can be quite risky for the students served by the school and for those who seek to invest in such arrangements.

For example, as noted in a recent media report, a copy of which is attached hereto as Exhibit C, regarding the closure of three Downtown College Prep Charter Schools “DCP” in Northern California, these types of facilities and financing arrangements are for the benefit of investors. Specifically, the Mercury News reported, DCP Charter Schools borrowed \$36 million from municipal investors in 2016, to build two new campuses in San Jose. Yet, in June 2025, the charter school operator defaulted on \$34 million of municipal bonds. As further reported, there have been 20 new charter school impairments added to Municipal Market Analytics’ database of distressed borrowers. “That is more than any other municipal sector, according to the data.” As noted in the article, “It’s a sector where investors can of course find great opportunities, but they have to be careful, and carefully manage expectations,” said Matt Fabian, partner at MMA. “There are more challenges emerging all the time.”

The arrangement proposed in the Bridges Charter is very similar in nature to what failed DCP and the other 20 referenced charter school impairments. If Bridges is unable to attain its aggressive enrollment goals and the corresponding financing,

there may be a similar default on the bonds expected to finance the Bridges' facilities project.

II. THE CHARTER SCHOOL PRESENTS AN UNSOUND EDUCATIONAL PROGRAM FOR THE PUPILS TO BE ENROLLED IN THE CHARTER SCHOOL. [EDUCATION CODE SECTION 47605(c)(1)]

- A. The above - and below - described concerns regarding the inability to successfully implement the program set forth in the Charter are incorporated herein by this reference. These concerns and deficiencies include the issues regarding how Bridges would serve students with disabilities in accordance with state and federal law as described below, and the unrealistic enrollment and ADA projections and corresponding budget concerns that would inhibit implementation of the proposed educational program. Each of these concerns establishes that the Charter presents an unsound educational program for the pupils to be enrolled in the proposed Bridges Charter School.
- B. The Charter Petition does not adequately address the provision of services pursuant to the IDEA. Any proposed charter school must meet the needs of individuals with exceptional needs in accordance with state and federal law. (Ed. Code § 47605.7(b).) The District has numerous concerns regarding the proposed language in the Charter related to the provision of services pursuant to the IDEA. The following discussion is not meant to provide an exhaustive list of the District's concerns, but rather to highlight the Charter's most glaring deficiencies.
1. The Charter fails to account for the financial implications associated with designation of the Charter as a public school of the District for purposes of compliance with the IDEA relative to the special education funding in Year 1. The Charter states that "should Bridges not secure SELPA membership in its inaugural year, it will, by default, be classified as a school of the district for special education purposes. . . ." Pursuant to the CSA, if a charter school does not provide verifiable written assurances that it is an individual local educational agency (LEA) member of a state-approved special education local plan area (SELPA), it shall be a school of the chartering authority for purposes of compliance with the IDEA.

Bridges has not provided such verifiable written assurances, and, in fact, may never be an LEA member of a SELPA. As such, in conformance with the default position pursuant to law, and as contemplated by this Charter, Bridges will be a school of the District for purposes of compliance with the IDEA. In such circumstances, the District will be responsible for the Charter School's special education services, and, in exchange, the District will directly receive the full amount of federal and state special education funding.

Yet, according to its budget, Bridges assumes that the school itself will receive and use \$181,351 of "Special Education – AB 602" state funding

for its first year serving students, 2027-2028. Further, charters that operate as schools of their authorizer must contribute an equitable portion of their block grant funding to support district-wide special education services. In other words, Bridges would be mandated to pay the District for Bridges' pro rata share of the District's total general fund encroachment. (Ed. Code § 47646(c).) While the Charter budgets an extremely limited amount of projected expenses as "Special Education Encroachment" in 2027-2028, based on the District's own experience in providing the full continuum of placements and services to District students, Bridges' budget figure for the costs of such encroachment is woefully inadequate to correspond to its large projected enrollment. Therefore, the Charter's projections for the costs of serving students in compliance with the IDEA are miscalculated.

2. The Charter also indicates that in the event the school opts to remain a school of the District for purposes of compliance with the IDEA, it shall enter into a memorandum of understanding ("MOU") with the District for the provision of special education and related services. It should be noted that there is not a draft or proposed MOU attached to the Charter nor any proposal for how Bridges anticipates that it would comply with the IDEA as a school of the District.

As noted above and acknowledged in the Charter, the default position is that Bridges would be a school of the District for purposes of the IDEA, and Bridges has not provided verifiable written assurances of its membership as an LEA member of a SELPA. As such, as of the submission of the Charter for District Board consideration and action, Bridges was mandated to provide a description of how it would comply with the IDEA, including providing the full continuum of placements and services to its students with disabilities, as a school of the District for such purposes. While it is certainly true that in such a situation Bridges would be required to enter into an MOU or similar agreement with the District to govern such compliance, the proposed educational program is patently defective and is not reasonably comprehensive without a sound and workable proposal for how it would comply with the IDEA. In sum, the Charter fails to present a coherent and workable plan for the provision of special education and related services in accordance with the IDEA.

III. THE CHARTER DOES NOT CONTAIN REASONABLY COMPREHENSIVE DESCRIPTIONS OF ALL OF THE REQUIRED ELEMENTS. [EDUCATION CODE SECTION 47605(c)(5)]

A. DESCRIPTION OF THE EDUCATIONAL PROGRAM [Ed. Code §47605(c)(5)(A)]

All the above-described concerns regarding the unsoundness of the educational program and the inadequacy of the Charter's description thereof are hereby incorporated herein by this reference.

B. DESCRIPTION OF THE GOVERNANCE STRUCTURE [Ed. Code §47605(c)(5)(D)]

1. All the above-described concerns regarding the inadequacy of the description and the inherent lack of transparency regarding the proposed governance structure, including but not limited to the relationship between the Charter School, its governing corporation, and Propel and other related or associated entities, and the inadequacy of the Charter's description thereof, are hereby incorporated herein by this reference.
2. The description of Bridges' governance structure is minimal, inadequate, inaccurate, and not reasonably comprehensive. There is a lack of transparency regarding aspects of Bridges' governance structure. The Charter specifies Bridges of Promise Academies, Inc., a California non-profit public benefit corporation, operates the Charter School, yet nearly all professional and administrative services necessary to implement the proposed Charter School's educational and administrative plans are provided and controlled by Propel.
3. The Charter and bylaws provide that a majority of Directors then in office constitutes a quorum and further provide that any act by a majority of the Directors "in attendance" or "present" at a meeting at which there is a quorum is adequate to constitute an act of the Board. The result is that Bridges may take any action with approval of *less than a majority* of the members of the Board of Directors then in office. For example, if Bridges had five Directors in office, a quorum is three. Pursuant to the Charter, if three Directors attend a meeting, Bridges can take any action – including fiscal, educational, and/or operational decisions – with the approval of only two of the five Directors. Notwithstanding the legal minimum requirements applicable to nonprofit corporations, it is concerning for Bridges to provide for action by a minority of the members of the Board of Directors of a public charter school, and the District Board finds this to be an unacceptable means of governing the proposed public charter school.
4. The Charter includes very little indication of parent involvement in the governance of the school. The Charter specifies that Bridges "will form a Parent Advisory Committee to engage parents, teachers, and community stakeholders in the LCAP process, provide opportunities to inform stakeholders about annual goals tied to the budget, and do so in clear, understandable language." This committee will serve in an advisory capacity, and, as described, serves to provide LCAP input and as a tool for communication, neither of which constitute a role in governance of the proposed Charter School. This is the extent of the description of the role of the Advisory Council. It is evident that Bridges students' parents are not provided with a truly meaningful opportunity to participate in the proposed school's governance. The Charter is required to include a reasonably

comprehensive description of how parental involvement in governance will be ensured, but it is missing from this Charter.

5. The Charter states that the Corporate Board will meet “regularly,” but there is no commitment to any specific schedule. A charter school must provide information to its parents/guardians and community through regular public meetings held in conformance with the Brown Act. Additionally, a charter school is legally required to consult regularly with its parents and teachers regarding its educational program. The failure to provide any set or minimum schedule for meetings means that parents/community members may have limited access to the Board meetings. There is not a commitment to regular, monthly public Board meetings at which decisions are actually made in conformance with the Brown Act. This further supports the District’s concern that the Charter Board would not actually run this school – it is the other entities, including Propel, that seemingly would be operating the school. This also means a lack of access to the real governing body/bodies and the decision-making for the proposed school.

C. EMPLOYEE QUALIFICATIONS [Ed. Code §47605(c)(5)(E)]

The Bridges Principal and Assistant Principal are the only administrators referenced in the Charter, and as such would necessarily be expected to perform all the duties and accept all the responsibilities usually required of a Superintendent and cabinet level administrators. However, there is no requirement that any employee of the Charter School have any experience with budgets or finances. While Bridges is expected to contract with Propel for all back-office services, if this were truly an arrangement whereby the Charter School is contracting for services from a third party back-office services provider, as the Charter attempts to claim, it would be necessary that the Charter administration itself have a level of experience and knowledge of the responsibilities and the complexities of charter school finance issues in order to oversee and work with that services provider. Instead, the Charter does not require the Principal, or anyone else, to have any training or experience in finance generally or the complex area of public school or charter school finance specifically, thus leaving all such responsibility to Propel.

This lack of required school finance expertise by the individuals who will serve in what the Charter identifies as the only two administrative positions exacerbates the serious concerns implicated by Bridges’ overly optimistic and unrealistic enrollment and ADA projections and relationship with Propel, given the direct fiscal consequences should Bridges fail to meet those projections as well as the concerns detailed above that Propel actually has substantial control over the proposed Charter School. The qualifications for these positions are not consistent with the duties that would necessarily fall to the only two administrators if they were not, in actual fact, being performed by the other entities that appear to control the operations of the proposed school.

D. THE PROCEDURES TO BE USED BY THE DISTRICT AND THE CHARTER SCHOOL FOR RESOLVING DISPUTES RELATING TO THE PROVISIONS OF THE CHARTER. [Ed. Code §47605(c)(5)(N)]

Education Code Section 47605(c)(5)(N) requires that a charter petition contain a reasonably comprehensive description of “[t]he procedures to be followed by the charter school and the entity granting the charter to resolve disputes relating to the provisions of the charter.” Given the significance of opening and operating a charter school and the District’s oversight obligations, as well as the issues and problems that have arisen in the operation of some charter schools in California in the past, having a clear and workable dispute resolution process, as required by law, is fundamental to any charter proposal. The dispute resolution provision in the proposed Charter requires numerous meetings and submission of the matter to a mediator if not resolved between the parties. This process does not provide for a prompt resolution of differences between the District, as the chartering authority, and the Charter School and, therefore, may contribute to a failure in governance and/or negatively impact the Charter School’s operations and services to students. It also impedes the District’s ability to oversee the Charter School effectively. This dispute resolution process is unacceptable to the District.

BE IT FURTHER RESOLVED AND ORDERED that the terms of this Resolution are severable. Should it be determined that one or more of the findings and/or the factual determinations supporting the findings is invalid, the remaining findings and/or factual determinations and the denial of the Charter shall remain in full force and effect. In this regard, the District Board specifically finds that each factual determination, in and of itself, is a sufficient basis for the finding it supports, and each such finding, in and of itself, is a sufficient basis for denial.

The foregoing resolution was considered, passed, and adopted by this Board at its meeting of July 29, 2025.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

AYES IN FAVOR OF SAID RESOLUTION:

NOES AGAINST SAID RESOLUTION:

ABSTAINED:

Dated: _____

By: _____

J. Kyle Root,
President, Governing Board
Menifee Unified School District

Dated: _____

By: _____

Xavier Padilla
Clerk, Governing Board
Menifee Unified School District