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Video poker ties worry casino foes

S.C. businessman emerges as the developer of Catawba Nation project

BY RICK ROTHACKER AND JOHN FRANK rrothacker@charlotteobserver.com jfrank@newsobserver.com

KINGS MOUNTAIN — A South Carolina businessman with long ties to the video poker industry is at the center of the Catawba tribe's effort to build a casino in North Carolina.

The Catawba Indian Nation in September unveiled plans for a casino that could bring 4,000 jobs to a site off Interstate 85 near Kings Mountain, about 30 miles northwest of their reservation in Rock Hill. But the project has faced a backlash from a bipartisan group of elected officials who say they don't want the casino in North Carolina.

Until now, little has been known about the financial interests behind the \$339 million project. But interviews and documents show that a company called Sky Boat LLC, led by Wallace Cheves of Greenville, S.C., is the developer working with the Catawbans.

The project is in a holding pattern as the tribe waits for the U.S. Bureau of Indian Affairs to decide whether to place the casino property in trust. But activity continues behind the scenes. Cheves said he has done much of the prep work needed. Sky Boat also has hired lobbyists in Raleigh in an effort to navigate the political opposition.

SEE CASINO, 4A

A RESOUNDING CRY



ROBERT WILLET - rwillett@newsobserver.com

Tears of joy flow from Kathy Jones' eyes during Saturday's rally in Raleigh. Thousands from across the state took to the streets to protest GOP policies. Story, 1B.

THE UNDOCUMENTED CANDIDATE

Emilio Vicente, who entered the country illegally, is running for student body president at UNC. 13A

Do you remember 1964?

Three Charlotteans recall the challenges. 1B

Direct to Barcelona

Read more about the new CLT destination. 8E

How to judge a park

Can Romare Bearden Park, the new uptown park in Charlotte, do what it's supposed to do? 1E

Charter school dreams fade in startup turmoil



Phyllis Handford

Trust broken

Once partners in creating StudentFirst charter, board Chair Victor Mack and former school head Phyllis Handford are now in a court battle over their roles in its startup problems.



Victor Mack

DAVID T. FOSTER III - dtfofster@charlotteobserver.com

Derrick Gates walks the halls of StudentFirst Academy shortly after being hired as head of the school in January. His charge: Get the K-8 charter school back on track after first-semester academic and financial problems. "There's going to be a culture shift," he said.

Founder hired family members, left bills unpaid; board fired her in secret meeting

BY ANN DOSS HELMS ahelms@charlotteobserver.com

On a January morning in 2013, Phyllis Handford and Sandra Moss donned blue blazers and pitched their vision to a crowd of west Charlotte leaders.

For years they'd been trying to turn their small private school, StudentFirst Academy, into a charter that would reach more students. It had won praise from such leaders as then-Charlotte Mayor Pat McCrory and then-Mayor Pro Tem Patrick Cannon, and recently earned state approval for a \$3 million startup budget to become a public school.

Handford and Moss talked about a school where impoverished children would flourish in small classes led by master teachers. There would be arts and athletics, healthy meals and Latin classes.

"It is all about opening our doors to an academic wonderland that's being funded by the government," Handford said.

Less than four months after StudentFirst charter school opened, those dreams collapsed amid allegations of mismanagement, nepotism and financial irregularities. Overdue bills had the school on the brink of bankruptcy. Students were going without textbooks, losing teachers and taking long naps during the day, consultants reported.

The school's board of directors fired Handford and Moss, who are

now suing the board they once recruited. Reached at her home, Handford said the allegations about her and her longtime deputy are "fiction, like the National Enquirer," but said their attorney advised her and Moss not to talk.

Board members have hired a new head of school and are trying to salvage the school year for the 34 K-8 students enrolled at the school on Tuckaseegee Road in west Charlotte. Academic extras that enticed families have been sacrificed to keep StudentFirst solvent.

"Good things are happening within classrooms, but we haven't addressed all the students' needs," board Chairman Victor Mack said recently. "We're feverishly trying to make that happen now."

SEE STUDENTFIRST, 10A

50 years of brides and bouquets of stories

She's closing her shop, a touchstone of marital trends

BY CAROLINE MCMILLAN PORTILLO ccmcmillan@charlotteobserver.com

Betty Ziegler Mims isn't one to philosophize on love and marriage.

But in the 50 years she has spent helping brides find the perfect dress, invitations and accessories at her Plaza Midwood consignment shop, she's seen more than taffeta, silk, lace and card stock.

She's seen young high school sweethearts tie the knot. She's seen older couples, still in love, renew their vows. And, though it's not as glamorous, she's even sewn a grandmother of the bride into her gown on the big day.

Now she's closing Bride's House of Originals, the city's oldest bridal shop.

At 79, she says she's weary of

ADVICE FROM THE EXPERT 6 do's and don'ts for a successful wedding. 9A

the six-day week, the competition with online retailers and the pressure to learn social media. She hopes to sell the building and inventory in the next few months to someone who'll keep it as a bridal shop.

Mims opened Bride's House of Originals in 1964 in the heart of Plaza Midwood — then a "street-car suburb" and everybody-knows-everybody neighborhood.

Her goal was to open a small consignment shop that catered to women looking for an alternative to the "fancy and plush bridal salons" of big department stores such as Belk and the now-defunct Ivey's, Mims says.

SEE SHOP, 9A



T. ORTEGA GAINES - ogaines@charlotteobserver.com

Betty Ziegler Mims is retiring and selling her bridal shop, the oldest in Charlotte. She's become an expert on the industry and on etiquette in her 50-year career. "When they lift that veil and kiss the bride ... I cry. Always, always."

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STUDENTFIRST

■ from 1A

Board members also face scrutiny and renewed questions from the state. Mack, who holds a doctorate in urban education and is outreach director for UNC Charlotte's College of Education, says he unwittingly signed off on a \$25,000 raise for Handford without reading her contract. The board accepted her decision to put her husband and son on the payroll knowing it was "taboo but not exactly against the law," Mack said.

The board's chairman also hadn't known about Handford's conviction more than a decade ago on misrepresentation to obtain unemployment benefits.

State charter school officials, who forced the StudentFirst board to confront its problems in November, say they'll give the board a chance. The mission — providing a rich academic environment for the minority and low-income students who most often struggle in traditional public schools — is exactly what charter proponents hope to see as North Carolina expands its roster of



Moss

charters.

But Joel Medley, director of the N.C. Office of Charter Schools, said last week he did not know about reports that Handford and Moss had transferred money into a separate checking account and spent more than \$92,000 that has not been properly documented until a reporter asked about those issues, which are detailed in documents filed in response to Moss and Handford's lawsuit. Nor, Medley said, did he know the board had apparently violated the state's Open Meetings Law by holding three secret meetings in December.

StudentFirst's dramatic reversal of fortunes raises questions for state policymakers trying to preserve quality while rolling out some two dozen new charters a year. It also raises a caution for the hundreds of people lining up to run such schools.

"Ultimately," Medley said, "the buck stops with the board of directors."

A compelling vision

Moss, a physical therapist who was then known as Sandra Gay, and Handford, who had worked in computer programming and personnel, first came together to teach students at home. In 2001 they opened StudentFirst Academy as a low-tuition private school that was supported by donations and the Children's Scholarship Fund, a charity that helps impoverished children attend private schools.

The K-12 school, located at Midwood Baptist Church in the Plaza Midwood neighborhood, had about 50 students at its peak. Students learned civic engagement and work skills along with academics.

Mayor McCrory, who was elected governor in 2012, wrote a letter to a prospective StudentFirst donor in 2007 offering his "full support" for a grant. The letter cited students who did internships and community service. "The Upper School students receive resounding remarks in their work ethic, professionalism and seriousness," McCrory wrote. He said recently he has only "a vague memory" of the school.

Handford and Moss are not licensed teachers, but both have worked in education. Besides their StudentFirst work, Moss worked for a local private school and tutoring center, according to her resume.

Handford, 54, has a master's in business administration from Pfeiffer University and is enrolled in an online doctoral program in K-12 educational leadership.

Handford also taught math and SAT prep at a UNCC program designed to prepare students for college.

That's where she met Mack, who was running the UNCC program. He said when she asked him in 2008 to head a board that would seek to turn StudentFirst into a charter school, "it was honestly a no-brainer."

Going public

That was when North Carolina still allowed only 100 charter schools around the state. New applicants competed for the small number of slots when other schools closed.

StudentFirst tried twice and was rejected, Mack said.

The recession shaped the future of StudentFirst. Charlotte-Mecklenburg Schools closed several schools to save money, and the StudentFirst board asked to lease one.

In 2010, Cannon, who has since been elected mayor, wrote to CMS officials urging them to agree. "StudentFirst has rendered an unparalleled service in its community," he wrote.

StudentFirst explored three sites and ended up at Wilson Middle School, near West Mecklenburg High. Payments were only \$50 a month, but the school assumed responsibility for maintaining the 1950s building.

By the 2011-12 school year, StudentFirst was, in Mack's words, "kind of hand-to-mouth." Many students returned to CMS and most of the staff was laid off, the charter application says. In January 2012, the 10 remaining students and a skeleton faculty moved



PHOTOS BY DAVID T. FOSTER III - dtfores@charlotteobserver.com

Richard Ramos, a visiting international faculty teacher, passes out papers to his second-grade class at StudentFirst Academy. The charter school hoped to have more than 400 students this year; instead, teachers who remain after turmoil and layoffs are working with about 300.

in, and the board began another try at becoming a public school.

By then the charter law had changed. This time there would be no limit on the number of new charters.

A lifeline arrives

In February 2012, StudentFirst Academy submitted a 349-page application to become a charter school in 2013-14. It was among 63 the state received that year.

The application pitched a school for children whose educational prospects are bleak, offering "a way to escape the spiral of poverty and crime that currently confronts them."

The application outlined school days that would start at 7:30 a.m. and end at 5:30 p.m. Although charters aren't required to serve meals, StudentFirst promised to do so, saying education needs to occur "without the stress of hunger."

The plan called for opening with 432 K-8 students and a staff of 65, pulling in just under \$3 million in public money.

The 11-member board of directors submitting the application included Mack, Handford and Moss. One of Handford's sons, Connell Handford Jr., was board treasurer; Moss was secretary. Once the school opened, Phyllis Handford would be head of school and Moss deputy head, while both would remain as voting board members.

In June 2012, the board was invited for interviews with the state's Charter School Advisory Council.

Cheryl Turner, director of Charlotte's Sugar Creek Charter School, was on that council. She knew that StudentFirst had a good reputation and the application was strong, Turner recalls. Mack and other board members impressed the advisory board.

Gauging the academic success of StudentFirst's private students is difficult. Private schools aren't required to report academic data, as public schools are. The StudentFirst charter application gave some charts on Iowa Test of Basic Skills, but with little context on dates or number of students tested. Mostly it emphasized individual success stories.

This time, after more than a year of screening, StudentFirst was among 23 awarded a charter.

High hopes

Tony Proctor was one of the parents who came to the old Wilson school to hear the StudentFirst pitch. He and his wife had two children in a CMS magnet school, and they wanted an alternative for their son, who was in kindergarten.

"They presented an exciting vision of what the school would be," Proctor said.

Ken Simmons, a retired administrator whose career included stints as principal of West Charlotte High and Crossroads Charter High, heard about StudentFirst through a mutual

friend, who arranged a meeting with Handford. He recalls visiting the school in the winter, when it didn't have working heat. Handford, Moss and a handful of staff were hard at work, he says.

Simmons offered his support and in January brought them to speak to the Tuesday Morning Breakfast Forum, a group of civic and political activists working in west Charlotte.

Two board members and four administrators accompanied Handford and Moss to the meeting, which remains in video archives. Board member Deborah Halliday, director of RedSky Gallery Corporate Services, noted her business background: "I bring a financial look to the school to keep them on track and keep the monies flowing."

Halliday, who is now the board's treasurer, did not respond to a call for comment.



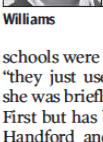
Halliday

Moss painted a picture of a school with strong teachers, small classes, lots of motivational programs, out-of-state field trips, foreign language classes, arts enrichment, parent education and healthy food — "not your typical square pizza and corn dogs." StudentFirst scholars would learn Latin and swimming, have a chance to do yoga and meditate, she said. Moss described a day that runs from 7:30 a.m. to 6 p.m. "At 6 o'clock at night I'm turning lights off, going 'OK, y'all. Bye, babies!' They don't want to leave, because it is a home away from home."

Simmons said he and most other participants left excited.

Even as the group worked to open StudentFirst, some were planning expansion.

Reshall Williams, who was introduced at that meeting as StudentFirst's director of academics, had applied in August 2012 to open two Miracle Academy charter schools in 2014-15 based on the StudentFirst model. Simmons was on the Miracle Academy board, and Handford created the nonprofit sponsoring the application.



Williams

Williams said last week that the Miracle schools were Handford's project, and "they just used my name." She said she was briefly employed by StudentFirst but has broken off contact with Handford and Moss, and considers herself "a victim." Williams declined to elaborate, saying she has retained an attorney.

Mack says Handford told the StudentFirst board about her plan to create new charters. They urged her to focus on opening StudentFirst, he said, and warned her not to spend any StudentFirst time or money on expansion.

Doubts emerge

Turner, the Sugar Creek director who had helped approve StudentFirst's application, was starting to worry.

Turner said after StudentFirst got its charter, Handford asked to meet with her. She said Handford wanted her to send Sugar Creek staff to set up StudentFirst's lunch program and computer system. Turner was taken aback. That was Handford's job.

After a 2 1/2 hour meeting, Turner said she concluded that Handford wasn't ready to run a charter school. "I was absolutely convinced it wasn't going to work," she said recently.

She said she knows Mack but she didn't think it was appropriate for her, as a state advisory panel member, to approach him about her personal misgivings.

In July 2013, the month before StudentFirst opened, the state rejected the Miracle Academy applications.

Rocky start

StudentFirst opened in August with 338 students, about 22 percent below projections.

Parents say they began seeing problems early, from students roaming the halls and reports of fights in the middle school to teacher turnover, unlighted grounds and inadequate meals.

Plans to have after-school enrichment provided by community partners didn't materialize. Instead, teachers were expected to cover the evening hours students had been promised, often working from 6:45 a.m. to 6 p.m., according to board members.

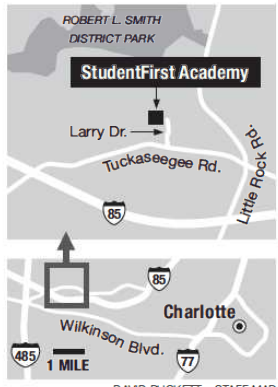
Mack and Vice Chair Jennifer Winstel say the board was aware of early problems, but it accepted assurances from Handford and Moss that solutions were in progress.

At the board's September meeting, Mack says Handford announced that she had hired her husband, Connell Handford Sr., as school nurse. His salary was \$10,000 a year, and Mack says Phyllis Handford told the board that was less than they would pay for a credentialed nurse.

The N.C. Board of Nursing, which verifies licenses for all types of nurses in the state, has no listing for Connell Handford. Mack, who knows the family, said he believes Handford had worked at "some type of medical facility."

Mack says Phyllis Handford also told the board she had hired her son, Jonathan Handford, a recent college graduate, to open mail and forward invoices, at a salary of \$22,000 a year. According to a consultant's affidavit filed in the lawsuit, Jonathan Handford was "employed as SEA's CFO, or bookkeeper."

"We knew the Office of Charter



DAVID PUCKETT - STAFF MAP

Schools frowned upon it," Mack said of the decision to hire an administrator's relatives, but "we didn't object."

Acadia NorthStar, the accounting firm working with StudentFirst, raised concerns in September about spending that wasn't properly documented, Mack said. That spending had taken place in the months before opening, Mack said, and came mostly from a \$50,000 planning grant from Partners for Developing Futures, a Los Angeles-based nonprofit that invests in new minority-led charters.

Mack said Handford had spent money for asbestos abatement and other building improvements but didn't have documentation.

Another financial question emerged in September: A board member asked about salaries for Handford and Moss. The application budget had said they'd be paid \$65,000 and \$55,000, respectively. But they now had contracts for \$90,000 and \$84,000, and Mack's signature was on Handford's contract.

Mack says he signed it when Handford gave him a stack of documents to sign in July. He said they never discussed a raise, and he didn't notice the amount on the one-page contract. Mack now says he was "a little upset" by it. But he said Handford told the board she was going to keep some positions open while she and Moss took on additional duties.

"I was trying to give Phyllis the benefit of the doubt," Mack said. "Unfortunately, the hiring continued."

A wake-up call

The October board meeting brought sterner warnings from Acadia NorthStar, Mack and Winstel say. The accounting firm's representatives said they could not present a full report because they weren't getting the information they needed from school administrators.

But Winstel and Mack say Handford and Moss assured the board they were rounding up documentation.

In early November, Mack got a certified letter from the N.C. Office of Charter Schools.

"Over the past month the Office of Charter Schools has received consistent complaints regarding several practices at StudentFirst Academy," says the Nov. 6 letter from Deanna Townsend-Smith. "The complaints have escalated and you need to be informed about them."

What followed were two pages of questions about unfulfilled promises, unpaid bills, special-education services, teacher turnover, conflicts of interest, attendance violations and other issues. The state wanted answers by Nov. 22.

November brought another shock: The school didn't have enough money to cover the November payroll. The board asked "nonessential management staff" to defer half their pay.

SEE CHARTER, 11A



StudentFirst Academy charter school found a home in the old Wilson Middle School after CMS closed schools during the recession. The board is still struggling with costs of maintaining and repairing the aging building.

CHARTER

■ from 10A

check to December.

Money, management woes

The board hired Prestige Preparatory Schools Network, a Charlotte-based charter school consulting firm, to work with Acadia NorthStar on answering the state's questions.

Those consultants found massive problems, according to documents filed in the Handford/Moss lawsuit: Buses were consistently arriving as much as 90 minutes late. Elementary textbooks had not been ordered. "General disorder was observed throughout the middle school," a summary from Prestige says, and middle school students "were taking naps as part of the day, some for as long as 2 hours."

The school was still staffed for more than 400 students, even though it was serving a smaller population.

"Office staff indicates that Phyllis Handford and Sandra Moss 'alternate' their time in the school, each working what sounds as though to be half days," the Prestige report says. "According to office staff, Connell Handford and Jonathan Handford report to work very infrequently."

Consultants found stacks of unopened mail on Handford's desk, including student records, unpaid bills and overdue notices. Unpaid bills to local vendors totaled approximately \$450,000, some dating to July, the Prestige report says.

The report also said that Phyllis Handford had created a separate checking account and made Internet transfers from the charter school to that account.

"It's unclear what the purpose of the other account is and no accountability paperwork has been provided," the Prestige report said.

In an affidavit, Mark Cramer of Prestige sets the total at more than \$92,000 the two fired administrators charged to StudentFirst "for items for which they were unable to provide invoices or other documents supporting the propriety of charging these expenses to SFA."

According to the Prestige report, paperwork had not been filed for students with disabilities, eliminating nearly \$300,000 that had been budgeted in government revenue for special education.

The conclusion, according to Cramer's affidavit: Unless the board acted quickly, StudentFirst would be insolvent and have to close by the end of December.

Criminal checks skipped

The report raised another issue: While Handford and Moss requested criminal background checks on most employees, it said they did not include themselves, Connell Handford or Jonathan Handford.

The state does not do background checks on board members seeking charters, but those boards are responsible for following the same background check process as the school district in the county where the charter is located. Charlotte-Mecklenburg Schools conducts criminal record checks on all employees.

The Observer checked criminal records and learned that Phyllis Handford was found guilty in 2003 of misrepresentation to obtain unemployment benefits. The records say she was ordered to pay \$1,628 restitution, \$200 in costs and fines and put on 24 months' unsupervised probation.

Handford said the Employment Security Commission overpaid her. She insisted there was no criminal conviction.

Mack said he didn't know about the conviction until a reporter asked about it. He called it especially disturbing, he said, because it should have been disclosed when she was working for his program at UNCC.

It's up to each charter board to set a policy for handling the results of background checks, says Medley of the N.C. Office of Charter Schools. The StudentFirst teacher handbook, submitted as part of its application, says the school will not hire anyone whose criminal record indicates a threat to the safety of students and staff or demonstrates "that he or she does not have the integrity or honesty to fulfill his or her duties as a school employee."

When asked whether things would have been handled differently if the board knew about Handford's conviction, Mack said "possibly so."

Secret meetings

As the board got the bleak reports, Handford and Moss were instructed to launch layoffs and salary cuts to bring the budget under control, but they balked, according to Mack and the court records.

On Dec. 2, six members of the StudentFirst board of directors convened an emergency board meeting at Homewood Suites, where two Prestige consultants were staying. Phyllis Handford, Moss and Connell Handford Jr. were not notified.

Board leaders convened two more unannounced emergency meetings — on Dec. 8 at Homewood Suites and on Dec. 15 at Winstel's home — to deal with the crisis.

When those meetings were done, the board had removed Phyllis Hand-



PHOTOS BY DAVID T. FOSTER III - dtfofster@charlotteobserver.com

Derrick Gates, hired in late January as the head of StudentFirst Academy, is charged with fixing the academic and management problems that nearly closed the school in its first semester. He has worked at KIPP Charlotte, a charter, and the private Trinity Episcopal and Cannon schools.



Patricia Elledge works with her first-grade class at StudentFirst Academy. The board is trying to build a strong faculty after a rocky start.

ford, Moss and Connell Handford Jr. as members and fired Phyllis Handford, Moss, Connell Handford Sr. and Jonathan Handford.

On Dec. 17, Phyllis Handford and Moss sued the StudentFirst board, saying they were wrongfully fired and seeking reinstatement and damages. Among their complaints: The emergency meetings where they were fired didn't comply with the N.C. Open Meetings Law.

That law, which applies to charter boards as well as traditional school boards, requires public notice of meetings — generally 48 hours in advance, though the time can be shorter for emergency meetings. Personnel actions can be discussed in closed session but then must be part of a public meeting.

Mack and Winstel said the only people told about the emergency meetings were the board members whose jobs were not being discussed and the Prestige consultants.

The board's response to the suit, filed Jan. 22, doesn't refute the allegation that the board violated the open meeting law. Instead, it contends that wouldn't invalidate the actions, which were backed at a later public meeting.

Trying to rebuild

Today more than 300 students report to StudentFirst Academy.

Staffing has gone from 65 to fewer than 40, Winstel and Mack said, with total payroll dropping by more than 50 percent.

On Jan. 23 the board hired Derrick Gates as head of school at the originally budgeted salary of \$65,000 a year. Gates has worked at Trinity Episcopal School, KIPP Charlotte charter school and Cannon School, a private school in Concord. Some parents say board members have been a constant presence since the problems were recognized.

"I want to see the school go to the next level," says Proctor, who is active in the Mecklenburg County PTA Council.

The first year hasn't been what he had hoped for, Proctor said, but he's willing to consider bringing his son back next year.

Ramona Diggs, with three children at StudentFirst, says she was ready to pull them out by December but changed her mind in January.

"It went from night to day," she said. "My children will not be leaving this school."

Others gave up. Kathey Dailey said

they returned their eighth-grade son to CMS in January after encountering teachers who couldn't control middle-school students. Promised textbooks and technology never materialized, she said; and while she never heard about naps, she once walked in to find students and the teacher inexplicably sitting quietly in the dark.

She said last week she's still trying to get attendance records and grades from StudentFirst. She said she and her husband have repeatedly apologized to their son: "We should have realized that it was too good to be true."

Challenges remain

This year's eighth-graders were supposed to move up to ninth grade as StudentFirst expanded. That plan is on hold as the school tries to stabilize its K-8 program.

The board paid Prestige \$30,000 to craft an academic and financial recovery plan, and is paying an annual consulting fee of \$235 per student — about \$73,800 at the current enrollment.

The school has arranged payment plans to catch up on overdue bills, board members say.

Liability insurance is providing an attorney to defend the board in the lawsuit, but the board also hired former Charlotte Mayor Richard Vinroot, who has expertise in charter-school law. His firm's fees, which Vinroot estimates will total \$20,000 to \$30,000, will come from the operating budget.

Vinroot, Mack and Winstel say the board has not reported the undocumented spending to police because they wanted to stabilize the school while continuing to investigate.

Vinroot said an itemized list of credit-card charges, which was prepared by Prestige but not filed with the lawsuit, confirms that some payments were made for building improvements and utilities, including \$14,500 for asbestos abatement. But he said it also includes numerous smaller payments to restaurants, gas stations and retail stores.

"We don't think it's stolen," Vinroot said. "I don't think there was proper accounting."

Is it enough?

The Office of Charter Schools is keeping a close eye on StudentFirst's progress, with follow-up visits planned.

Medley said the state's goal is always to help a school survive. Still,

Charter problems exhibit a pattern

By ANN DOSS HELMS
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The specifics of StudentFirst Academy's startup troubles are unique, but the pattern is common enough that charter-school experts have a name for it: Founder's syndrome.

The chance to start an independent public school attracts idealists who may chafe at traditional constraints. But running a school requires a complex set of business and educational skills, and flexibility doesn't mean freedom from regulation.

"It's almost like educational philosophy and educational management are two different skill sets," said Terry Roberts, director of the Asheville-based National Paideia Center, which consults with schools across the country.

Roberts worked with StudentFirst founders Phyllis Handford and Sandra Moss on using Socratic seminars and other techniques. He said he was saddened, but not totally surprised, to hear the school was in trouble over financial, academic and management problems. "When charter schools go wrong, this is most often why they go wrong."

If it were up to Roberts, he wouldn't let school founders become administrators. Others don't go that far but do say it's essential for a charter's board of directors to have the skill and will to oversee top staff.

Charter applications are reviewed by staff from the N.C. Office of Charter Schools, outside consultants with charter expertise, an advisory board dominated by charter-school operators and the N.C. Board of Education. Among other things, they're looking for board members with the educational, business and legal knowledge to oversee a startup.

But in many cases, those members have been recruited by the person with a vision for the school. And if that founder goes astray, supporters may be slow to react.

"If it's all hanging on one person, that's a problem," said Bryan Hassell of Public Impact, a Chapel Hill consulting firm that does research on charter accreditation.

As recently as September 2013, North Carolina officials approved plans that allowed founders to serve as board members and paid

administrators. That was the case at StudentFirst, where the board held secret meetings that violated the state's Open Meetings Law to remove Handford and Moss from the board and fire them as administrators.

But the Charter School Advisory Board no longer approves such arrangements, said advisory board member Cheryl Turner. Founders who want to run their schools must now give up their seats on the board of directors.

After charters are granted, monitoring and support are crucial. The state has added a "ready to open" review in late spring for charters opening in 2014. Starting with 2014-15, the state has shortened the length of startup charters from 10 years to five, which the National Association of Charter School Authorizers recommends.

Reports of problems lead to state intervention before renewal time. Less than three months after StudentFirst opened, state charter-school staff demanded that the school's board respond to complaints.

State charter director Joel Medley said his office is watching the board's efforts to restructure. The goal is to salvage a high-quality school, he said, but revoking the charter remains an option.

Since North Carolina started its charter-school program in 1997, the state has revoked 11 charters, mostly for financial and business problems. Another six were not renewed, and 32 have voluntarily closed in the face of problems.

Medley and outside experts agree: North Carolina's rapid expansion is taxing staff capacity. Some states limit the number of charters that can be added each year; North Carolina does not. The state will have 157 charters by August, compared with 108 two years earlier.

"North Carolina went from zero to 100 overnight," said Greg Richmond, president of the Chicago-based NACSA. "That's a real stress on any system."

Medley oversees four staffers who work directly with schools, and the NACSA is paying for a fifth. State lawmakers approved three additional positions that will be filled this spring.

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this much trouble this early on is unusual. He said he'll decide next steps after learning more about the issues detailed in court filings.

The Charter School Advisory Board could summon StudentFirst back to explain.

"Obviously, the nuclear option is the removal of the charter," he said.

StudentFirst will start enrolling students for 2014-15 later this month. Turner, the Sugar Creek director and advisory board member, says that could be tough.

Even before news coverage, "the word-of-mouth on them is pretty negative," she said.

Results from state exams at year's end will be scrutinized. All charters are required to meet standards for proficiency and growth; two years of failing to meet those standards can

lead to closure for any charter.

Vinroot, who was a founding board member of Sugar Creek Charter, says startup struggles need not be fatal. That school required an extension from the state before it met academic standards, he said. He says it's almost impossible to prepare people for how difficult the early work will be.

"I, like a lot of people, thought running a school was a piece of cake," Vinroot said. "It's not a piece of cake."

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Read the lawsuit, the Prestige report and other documents at charlotteobserver.com.