June 26, 2013

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| Jim Miller, Chairman  Board of Trustees  North Star Charter School  839 N Linder Rd  Eagle, ID 83616 |  |

Re: Notice of Revocation of Charter

Dear Jim:

As you are aware, the Board of Trustees of Joint School District No. 2 (the **“District**”) met in public session on June 25, 2013 to consider the implementation of North Star Public Charter School’s (“**North Star**”) Corrective Action Plan (the “**Plan**”), which Plan was submitted to the District on May 3, 2013 to address the Notice of Defect the District previously issued to North Star. The Notice identified the District’s belief that North Star presently failed to demonstrate fiscal soundness, which is a grounds for revocation in accordance with Idaho Code § 33‑5209:

(d) failed to demonstrate fiscal soundness. In order to be fiscally sound, the public charter school must be (i) fiscally stable on a short‑term basis, that is, able to service all upcoming obligations; and (ii) fiscally sustainable as an on‑going concern, that is able to reasonably demonstrate its ability to service any debt and meet its financial obligations for the next fiscal year . . . .

The Plan and the June 10, 2013 follow‑up letter from North Star to the District included a Forbearance Agreement between North Star and its bondholders, which purports to demonstrate fiscal soundness because the bondholders entered into the Forbearance Agreement until July 1, 2014, (although it terminates sooner in the event of a default), and have agreed in principle to work with North Star to enter into a long‑term solution. Upon analyzing the Forbearance Agreement, the District does not believe North Star can demonstrate fiscal soundness because the Forbearance Agreement has numerous conditions and could easily be terminated upon numerous potential defaults, and permits North Star to incur even greater debt while it withdraws money from reserves that would need to be replenished on termination of the Forbearance Agreement or on June 30, 2014, at the latest. In addition, the Forbearance Agreement could be undermined by the discretion of the Trustee.

Because the Forbearance Agreement and the Plan fail to demonstrate fiscal soundness, the District voted to revoke the North Star charter. In accordance with Idaho Code § 33‑5209(3), North Star has thirty days to provide a written response to the District. Following receipt of this response, the District will hold a public hearing, in accordance with Idaho Code § 33‑5209(3) and Idaho Code § 67‑5242, following receipt of the North Star’s response.

The District will work with you to set a date that is mutually agreeable for holding the public hearing as soon as possible after the response is received, so that it occurs before school starts.

Sincerely,

Dr. Linda Clark, Superintendent

Joint School District No. 2