

## Quest Preparatory Academy Plan for Board Reconstitution

May 31, 2019

The purpose of this plan is to reconstitute a Governing Board for Quest at the earliest possible opportunity.

### **About Quest**

Quest Academy's mission is to provide a quality Kindergarten through 8<sup>th</sup> grade educational program, accessible to all children regardless of economic status or ethnicity that ensures they have the necessary skills, knowledge, and confidence to succeed in the future. To this end, Quest is proud to serve one of the most diverse populations among Nevada State Public Charter Schools. The enrollment data displayed in Appendix A illustrate that the Quest student body is extremely diverse, both in the context of the Nevada charter system and the state as a whole. Quest has brought together a uniquely diverse group of students and families in a manner that deeply enriches the greater Nevada education ecosystem. Well aware of the importance of this school community, the leadership and staff at Quest remain deeply committed to continuing to serve this student population.

### **Background on Receivership**

In October, 2105 the SPCSA appointed a Receiver over Quest based on the findings of an audit commissioned by the SPCSA and performed by Deloitte that revealed a pattern of self-dealing transactions and gross mismanagement by past members of this school's board. Because the ramifications of those decisions and transactions were far reaching, the SPCSA, with Quest's approval, installed a Receiver over Quest charged with curbing the abuses relative to the operations of the school. The Receiver immediately set about assessing Quest's financial and operational viability, implementing fiscal controls, stabilizing the school, and fulfilling his mandate, to "educate its students while addressing the significant, outstanding financial issues as quickly as possible."<sup>1</sup>

Throughout this period of transition, the Receivership has seen great success. Significant accomplishments include:

- Eliminating \$22M of outstanding liabilities
- Increasing fund balance from -116k to over \$500k
- Closing unviable high school campus
- Moving main campus into stable, long-term, affordable facility
- Replacing upper level management positions and personnel implicated in forensic audit
- Increasing teacher pay

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<sup>1</sup> As noted in a preliminary report prepared for the SPCSA on February 22, 2016.

- Amending Quest’s charter to implement school improvement plan for student academic success and improved ongoing school operations
- Dramatically increasing student performance

While Quest is pleased with the success over the last few years, the receivership arrangement is temporary by nature, and Quest must develop a plan for continued operations beyond the receivership period. The idea since inception is that the appropriate time to reconstitute a board would be when the school is academically successful and financially viable such that Quest’s charter would be renewed and the school allowed to continue to operate.

### **Quest Charter Renewal**

Quest’s current charter expires on June 30, 2020, and charter renewal is conditioned upon the following:

- 1) Quest must receive a score under the Nevada School Performance Framework (NSPF) equal to or greater than the goal in Quest’s Addendum to its January 18, 2018 Charter Amendment Application.<sup>2</sup>
- 2) Quest must have a reconstituted board.
- 3) Quest must be financially viable.

By October 2019 Quest will know whether it has met its first charter renewal condition, meeting its goals under the addendum to the charter amendment. If Quest does not meet this condition, the school will be ineligible for charter renewal and there will be no reason to reconstitute the board. If Quest meets this condition, Quest will implement the following board reconstitution plan, with consideration given to outstanding questions regarding Quest’s financial viability (discussed below).

### **Board Reconstitution**

The Receiver has begun the process of vetting potential board members. In September, when the STAR rating is released, assuming the condition is met, the Receiver will begin the process of inviting these members to join the reconstituted board. In addition to identifying, evaluating and inviting prospective members to join the reconstituted board, the Receiver will create a set of draft bylaws to govern board operations that will be approved at the first meeting.

To ensure timely completion of the objectives listed below, the Receiver’s goal is to contact all board members and secure their commitment to participation by October 31, 2019. Following are several benchmarks for the Receiver along the way, outlined below:

1. Establishing Criteria for Evaluation of Board Members (Present- July 2019)

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<sup>2</sup> See Appendix B: Addendum to Quest Academy January 18, 2018 Charter Amendment

The Receiver has begun to develop criteria for selection and evaluation of board members using board composition rubrics that have been successfully implemented by other high performing charters as a model. The Receiver will ensure that the criteria are in compliance with the requirements for board composition under NRS 388A.320.

2. Recruiting and Selecting Board Members (September 2019)

The Receiver will interview all potential board members and evaluate them against the rubric mentioned above with the goal of securing at least seven and no more than eleven board members. Pursuant to NRS 388A.320, the Receiver will ensure that the board consists of at least one teacher or school administrator, at least one parent, and at least two individuals with skills in accounting, finance, law, or human resources.

3. Drafting Board Bylaws (September 2019)

As the Receiver continues to identify board members, the Receiver will also draft the rules and norms by which the board will operate. At a minimum, the bylaws will include provisions governing (1) board composition: number of members and qualification requirements; (2) terms of service: duration of term of service, any limits on consecutive terms of service; (3) committees: what committees will be established, and how will members be identified and held accountable; and (4) board leadership: determine how board chair(s) will be identified/how long they will serve and outline chair responsibilities.

4. Training New Board Members (October 2019)

Once at least seven board members are identified, the Receiver will begin training board members to ensure they are prepared for the 2020-2021 school year. Board members must learn about the Nevada charter school system, curriculum and school governance. In addition, board members must study bylaws to ensure they are prepared to effectively operate independently.

**Financial Viability:**

It's important to consider this board reconstitution plan in the context of concerns regarding Quest's financial viability. Notwithstanding the fact that Quest's charter renewal is conditioned upon financial viability, as a practical matter it is difficult to attract quality board members to a financially insolvent institution.

Quest continues to strengthen its financial position. The application for the consolidation of the Northwest and Alexander Campuses and the sale of the Alexander building will generate much needed funding for Quest which will be used in part to build out a kitchen and improve the playground and field.<sup>3</sup>

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<sup>3</sup> The application was submitted to the SPCSA for consideration on April 26, 2019.

While Quest has successfully dispensed with several lawsuits stemming from the circumstances that gave rise to the receivership, there remains one unresolved litigation matter, that with the landlord of the former Bridger campus, which poses a threat to Quest's financial stability. The Receiver has made concerted efforts to settle this matter, but to date has been unsuccessful in doing so.

Given Quest's unique role in the Nevada educational ecosystem, educating one of the most racially and socioeconomically diverse student bodies in the area, the SPCSA may determine that preserving this institution is worth tolerating some financial risks. The SPCSA may also want to consider some more creative solutions to ensure Quest's long-term financial viability. For instance, as Argent prepares to close, the SPCSA may consider whether there is a way using proceeds from Argent's closure to improve Quest's financial health. This is just one of many potential solutions we may consider pursuing, and the Receiver is prepared to work with you to develop more creative solutions as we plan for Quest's future. To this end, the TenSquare scope of work and fees will have been revised to reflect what Quest is currently able to afford. Quest will share that revised scope and fee at a later date for your feedback. Quest welcomes input from the SPCSA on this proposal and looks forward to continue working with the SPCSA to facilitate this transition process.

I would like to thank all of you, the SPCSA, for your support and your courage in appointing a Receiver. I fully recognize that this has not been free of difficulty or challenge. I hope that you will be encouraged by the significant progress we have made toward the goals of financial solvency, long-term sustainability and most importantly academic success.