

NEVADA STATE PUBLIC CHARTER SCHOOL AUTHORITY

June 28, 2018

Nevada Department of Education
700 East 5th Street
Board Room
Carson City, Nevada

Nevada Department of Education
9890 South Maryland Parkway
2nd Floor Board Room
Las Vegas, Nevada

MINUTES OF THE MEETING

BOARD MEMBERS PRESENT:

In Las Vegas:

Jeff Hinton
Randy Kirner
Nora Luna
Sheila Moulton

In Carson City:

Jason Guinasso
Melissa Mackedon

BOARD MEMBERS ABSENT:

Stavan Corbett

AUTHORITY STAFF PRESENT:

In Las Vegas:

Patrick Gavin, Executive Director
Mark Modrcin, Director of Authorizing
Brian Scroggins, Deputy Director

In Carson City:

Tanya Osborne, Administrative Assistant III

LEGAL STAFF PRESENT:

In Carson City:

Ryan Herrick, General Counsel, State Public Charter School Authority
Aisheh Quiroz, Legal Assistant, State Public Charter School Authority

AUDIENCE IN ATTENDANCE:

In Las Vegas:

John Hawk
Ben Salkowe
Africa Sanchez
Tricia Wilbourne
Crystal Thiriot
Ercan Aydogan
Rachelle
Carolyn Sharette
Bryan Richardson
Trevor Goodsell
Andrea A.
Amanda Kettleon
Colin Bringham
Phil Bateman
Ryan Reeves
Yolanda Hamilton
Mike Dang
R. Gourrier
Ron Tetirick
Deborah Borges

In Carson City:

None

CALL TO ORDER; ROLL CALL; PLEDGE OF ALLEGIANCE; APPROVAL OF AGENDA

Agenda Item 1 – Call to Order, Roll Call, and Pledge of Allegiance

Chairman Guinasso called the meeting to order at 9:00am with attendance as reflected above.

Agenda Item 2 – Public Comment

Trevor Goodsell – Spoke on behalf of Academica schools, specifically Somerset, on the agenda for a Financial Notice of Concern due to financial concerns. He spoke on the bonds Somerset has issued and requests that the bond revenue be removed from the calculations the agency uses to measure schools' financial health. He explained that issuing these notices will negatively impact schools by hampering their ability to apply for loans in the future.

Ryan Reeves – COO Academica Nevada – Spoke on behalf of all Academica schools and urged the Authority and the Board to reexamine the financial framework the schools are using. He said that using the NACSA framework without amending it for Nevada. If the school is in good standing, they don't deserve to be put on financial notice.

Yolanda Hamilton – Spoke on behalf of NVA and their attorney, Kara Hendricks – expressed dismay at being put on the agenda for financial notice in view of the settlement agreement reached on June 25th for their academic underperformance. She cited letters exchanged with Director Gavin in the fall of 2017 and noted that NVA has not received a response to their letter in September of 2017 which itself was a response to a notice of concern issued by the SPCSA. The letter addressed and clarified the relevant financial data. Dr. Hamilton believes that the agreement reached earlier in the week should have hit a “restart” button for NVA’s financial framework in addition to their academic framework. She listed ways in which NVA’s board has resolved outstanding financial issues.

Ben Salkowe – Principal of Equipo Academy – He updated the Board on the progress Equipo has made and explained that Equipo has met all of the goals they set for themselves from their outset in 2015. They just graduated their first class of 38 seniors who have all been accepted to four-year colleges. He expressed his thanks for the 2015 Authority Board’s faith in the school. Mr. Salkowe explained that the financial decisions were made as investments to benefit the school directly. He asked what a school has to do to earn a letter of commendation and requests that the Board and Staff reevaluate the financial framework and clearly delineate what they want from the schools and which actions earn which rewards or consequences. He requested that the Board have a substantive discussion over the opportunity gaps in the demographics of the SPCSA portfolio.

Ron Tetirick – Spoke in objection to Discovery moving to Mt. Olive. He stated the agenda did not adequately reflect the fact that Discovery (a public school) is moving into Mt. Olive (a church). Second, he stated that the Receiver for Discovery claimed that the church is an abandoned building when it is in fact fully operational. Further, Mr. Tetirick cited caselaw that he believes prohibits public schools from using church facilities (*Elmbrook School District vs. Doe*). He asks how the school plans to get around the constitutional prohibition. Finally, Mr. Tetirick does not believe Discovery has exhausted all the other options at their disposal prior to choosing to put their school in a church. He is concerned that this leaves the school vulnerable to lawsuits, which would negatively impact students of Discovery.

Agenda Item 3 – Approval of the May 14, 2018 Action Minutes

Member Kirner abstained from voting, as he was not part of the board at that time the meeting occurred.

Member Moulton moved to approve the minutes of the May 14, 2018 board meeting. Member Luna seconded. The motion carried unanimously.

Agenda Item 4 – SPCSA Staff Report

- Renewal Reports
 - Director Modrcin spoke on the renewal reports that are due for NVA, Doral, Coral, and Learning Bridge. Renewal reports will go out on June 29th.

- Chair Guinasso asked when the renewal application process will begin, Director Modrcin explained that the renewal reports are the first step in the process and that they will be before the board in November or December.
- Coral Academy of Science featured in US World & News Report
 - Coral Academy Leadership spoke on behalf of their school. Coral is the 721st best school in the country, 7th best high school in Nevada, and 157th best Charter School in the country. The school is making great strides in their academic programs and looks forward to serving a more diverse population in the future.
- Coral Academy of Science and Pinecrest (Inspirada) named as a “Nevada Governor-Designated STEM School”.
 - Both of these schools were designated STEM schools, meaning that the governor’s office recognized them for strong STEM instruction, concluded by a robust site-visit process. The schools will host other schools interested in receiving the same designation in the future. Chair Guinasso asked that the schools share their Best Practices with the Board later.

Agenda Item 5 – American Preparatory Academy’s Charter Contract Amendment Request (Expansion)

Staff recommends conditional approval.

School administrators spoke briefly on the school’s behalf. Member Moulton expressed concern about the lack of diversity at APA and is interested to see an increase. Chair Guinasso asked if the school has a weighted lottery and they responded that they are incorporating a weighted lottery as part of their renewal.

Member Kirner moved to accept Staff’s recommendation to conditionally approve American Preparatory Academy’s request to amend their charter contract to include expansion. Member Luna seconded. The motion carried unanimously.

Agenda Item 6 – Discovery Charter School Charter Contract Amendment Request (Relocation)

Staff recommends conditional approval.

Discovery’s current campus is deteriorating and in need of ongoing repair and maintenance. They are requesting to relocate from their Mesa Vista campus to Mt. Olive. The move is advantageous for the school in several ways – improved infrastructure, potential increased revenue, and generally better learning environment.

Director Modrcin clarified legal concerns about the charter school being housed in a church. He stated that if the instruction remains entirely secular and the education is in no way influenced by the church, it is statutorily allowed.

School officials and their legal representation, Africa Sanchez, spoke in support of Discovery. Member Moulton inquired about the diversity at the school and said she understands the concerns about housing a public school in a church building.

Chair Guinasso asked for an update on how Discover's receivership is going and on the performance of the elementary school under the receiver. He wanted the board to know that they are approving an amendment for a charter school that is improving. School staff provided handouts (see supporting documents) showing how well the school has been performing.

Member Moulton moved to approve Staff's recommendation to move its campus without increasing enrollment or grade levels. Member Mackedon seconded. The motion carried unanimously.

Agenda Item 7 – Leadership Academy of Nevada (Dual Enrollment Policy Update)

Staff recommends conditional approval.

Vice Chair Mackedon asked if the proposed program is similar to the Jump Start program. School officials said it is not the same – they will use outside instructors.

Member Moulton asked the school to attempt to increase their diversity. She also clarified that there is no charge for students to enroll in the dual enrollment policy.

Vice Chair Mackedon moved to accept Staff's recommendation and approve Leadership Academy's Dual Enrollment policy update. Member Moulton seconded. The motion carried unanimously.

Agenda Item 8 – Nevada State High School Charter Contract Amendment Request (Expansion/New Campus)

NSHS is requesting to open two new campuses over the next two school years to meet the need of the communities. John Hawk, the COO of NSHS, spoke in support of the amendment and commended the SPCSA, Director Modrcin in particular, for the quality of the communication between the SPCSA and NSHS.

Staff recommends conditional approval.

Vice Chair Mackedon moved to accept Staff's recommendation and approve Nevada State High School's expansion to open one campus in 19-20 and one campus in 20-21. Member Moulton seconded. The motion carried unanimously.

Agenda Item 9 – American Leadership Academy Amendment Request (EMO termination)

The school is looking to change their EMO and rename the school Freedom Classical Academy.

Staff recommends conditional approval.

Member Moulton moved to accept Staff's recommendation for American Leadership Academy to change from one EMO to another. Member Kirner seconded. The motion carried unanimously.

Agenda Item 10 – Quest Preparatory Academy

Quest's receiver, Josh Kern, is requesting that the board approve the school's request to close their Bridger campus. The expansion to the campus was never approved by the board to begin with, and it is ultimately an unaffordable expense for the school. They are currently engaged in litigation over the campus, and Mr. Kern is asking that the board make the distinction that Quest did not open the Bridger campus in the correct manner. The school has made arrangements for the remainder of the Bridger campus students to attend other facilities, including Quest's original campus.

Member Kirner asked why the Board must approve the closure of a campus whose opening was not approved. Mr. Herrick said that this amendment needs to be done to make it official, that the students are no longer at the school and that the campus has been eliminated from their charter.

Quest has argued in court that there cannot be a valid lease if the Charter school did not have the authority to enter into that contract. This issue is at the heart of the CSP Bridger litigation. Mr. Kern asked that the board make it clear that they did not approve the move to Bridger campus, but also make it clear that they are still sanctioning the elimination of that campus.

After conferring with counsel, Mr. Kern asked the board to issue a retroactive resolution to open the Bridger campus and then finding that there was no approval for the opening of that campus, to deny that application, thereby making it clear that Quest has no right to be occupying the Bridger campus. Considering a motion to pass a resolution retroactively denying Quest's request to occupy the Bridger campus. The denial of that application would make it clear that Bridger cannot occupy that campus.

Chairman Guinasso asked how the Board can deny an application they never received. Mr. Herrick shared Chair Guinasso's concerns and said that Staff was not prepared to offer recommendations on something that took place several years ago.

Chairman Guinasso moved to approve the recommendation of Staff to allow Quest to move from its Bridger campus to the new campus with the understanding that Quest never received approval through the normal application process to move to the Bridger campus in the first place. Additionally, the board finds that Quest has been in breach relative to that issue.

After discussion about the precise wording of the motion and the history of the receivership of the school, Chair Guinasso withdrew his motion and tried again.

Chair Guinasso asked that the board find that it has never approved an application from Quest to operate and move into the Bridger campus. Based on that finding, he moved that the board require Quest to vacate the Bridger campus and that further approve the application to move Quest to the Northwest Campus. Vice Chair Mackedon seconded the motion. There was discussion in which the precision of the language of the motion was addressed. The motion carried unanimously.

Agenda Item 11 – Doral Academy Charter Contract Amendment Request (Distance Education Addition)

Staff recommends conditional approval.

Chairman Guinasso motioned to accept Staff's recommendation to approve Doral Academy's amendment request. Member Moulton Seconded. The motion carried unanimously.

Agenda Item 12 – Mater Academy Charter Contract Amendment Request (Distance Education Addition)

Staff recommends conditional approval.

Chairman Guinasso motioned to accept Staff's recommendation to approve Mater Academy's amendment request. Member Moulton Seconded. The motion carried unanimously.

Agenda Item 13 – Pinecrest Academy of Nevada Charter Contract Amendment Request (Distance Education Addition)

Staff recommends conditional approval.

Chairman Guinasso motioned to accept Staff's recommendation to approve Pinecrest Academy's amendment request. Member Hinton Seconded. The motion carried unanimously.

Agenda Item 14 – Somerset Academy Charter Contract Amendment Request (Distance Education Addition)

Staff recommends conditional approval.

Chairman Guinasso motioned to accept Staff's recommendation to approve Somerset Academy's amendment request. Member Kirner Seconded. The motion carried unanimously.

Agenda Item 15 – Sports Leadership and Management Academy – SLAM Charter Contract Amendment Request (Distance Education Addition)

Staff recommends conditional approval.

Chairman Guinasso motioned to accept Staff's recommendation to approve SLAM Academy's amendment request. Member Moulton Seconded. The motion carried unanimously.

Agenda Item 16 – Financial Framework – Notices of Concern/Breach –

In light of public comment and other comments made privately, Chair Guinasso decided to take this agenda item out of order to better prioritize efforts. Director Gavin spoke about the historical context of the financial performance framework for the schools and briefly explained the processes and pitfalls of the current financial framework. He cited auditor error as the reason for a lack of consistency across all the schools. He explained that the schools who are at risk of receiving notices for financial breach were made aware of their underperformance via letters last year. The new notices would address whether those deficiencies cited last year have been resolved. Chair Guinasso asked what effort the SPCSA has made to engage with the schools in its portfolio to clearly explain the financial framework to interested parties and answer any questions to avoid this confusion. Director Gavin answered that the SPCSA does not have a CPA on Staff. He said that the SPCSA has made efforts to communicate with the schools and that the schools had abundant notice of these problems.

Chair Guinasso asked Director Gavin to explain what the financial framework indicates about the overall fiscal health of the schools.

Chair Guinasso asked that “we not elevate form over substance” and ensure that the financial framework actually represents the schools’ fiscal health and not issue notices gratuitously.

Director Gavin again stated that the SPCSA does not have a CPA on staff.

Chair Guinasso called Ryan Reeves, of Academica, to explain the auditing process and how things have gotten to this point.

Vice Chair Mackedon interjected that she does not believe the Board did an adequate job consulting with schools on this framework. Even if that were the case, it was five years ago, and the portfolio has grown significantly since that time. In 2013, the Board largely just accepted NACSA’s financial framework with very few tweaks. She argues that the framework is not working well in the current landscape. She believes it would be wrong to be heavy-handed with this framework when Staff and the Board are well-aware that it is bad framework. She explained that Notices of Breach have very serious financial consequences for the schools. “If we know this tool has some flaws, it would be wrong to be heavy-handed”. She asks for changes to be made to the framework.

Director Gavin stated that it is neither his position, nor Staff’s, that the tool is flawed. He stated that the auditors and audits are flawed, and it is not the SPCSA’s job to oversee auditors.

Chair Guinasso argued that if the board’s information is based on a flawed system, issuing notices based on that flawed information is unfair.

Member Luna weighed in and said that the board approved the work at the time it was introduced and that the board should be consistent.

Ryan Reeves spoke and praised the difference between last year and this year in the approach by the SPCSA and commended Mark specifically. He said that auditors are not interpreters, they are calculators. He said the problem is not the fault of the auditors, but it is the responsibility of this body to put forth adequate instructions so that an accurate reflection of the schools’ financial health is produced. He said that a GASB audit is different from a GAP audit and it is not the fault of the auditors. Mr. Reeves suggested tweaks to the financial framework such as using a three-year average as opposed to an annual calculation. He also gave other examples of ways in which the current framework falls short – for example, not accounting for occasions when schools save up money (over years) for a specific expenditure and are then penalized for spending more money than they made in a single year.

Director Gavin and Mr. Reeves and Mr. Goodsell discussed what measures are and are not on the audit and included in the financial framework. Director Gavin continued to explain different options open to the board to address the issue or rework the financial framework included in the Charter contracts.

Chair Guinasso, after discerning that there is no statute compelling the timeliness of the issuance of notices, proposed that the Board and Authority hold a Financial Framework Workshop in

which Staff would solicit input from the schools and other outside resources to determine what is and is not working in the current framework. He stated that he is not comfortable with issuing notices right now, given the information put forth at this meeting. He suggested that the agenda item be continued indefinitely and that the board have the workshop at one of the August meetings. He suggested sending invitations to the school, asking for information and input, combine this with input from Staff and others, and modify the framework accordingly. After this change, the board will revisit the agenda item and make these decisions.

Chair Guinasso motioned to continue Agenda Item 16, regarding The Financial Framework, indefinitely. Member Moulton seconded. The motion carried unanimously.

Agenda Item 17 – Argent Preparatory Academy

Receiver, Josh Kern, spoke on the progress Argent is making in regard to the closure of the school. He explained that in March, the board approved the closure under the conditions that they offer Summer school for students to finish or make up credits and that they help transition students to other schools. On June 20th, Mr. Kern received a court order granting the motion to close Argent and surrender its charter. They are currently holding Summer School with 39 students enrolled – some through August 17th. Argent has contracted with administrators to help students transition into new schools – twelve in all – and these administrators will visit former students and parents to ensure that the transition has gone well. They have matched students with schools specifically and communicated with students, families, and new schools to facilitate this transition.

Argent is currently working on several points pertaining to the closure of the school. They are working on moving student records to different schools/districts. They are selling the properties they own as well as inventorying and selling off said inventory. Through doing due diligence in selling these properties, they discovered a second deed of trust that lists NDE as the beneficiary. As a result of this second lien, Argent has not been able to sell the properties yet. NDE is executing documents to convey the lien.

Argent plans to liquidate the remaining inventory – worth roughly \$100,000 as a matter of the winding-down process.

Members of the board commended Mr. Kern for his work on this matter.

Agenda Item 20 – Long-Range Board Calendar

Mr. Herrick briefed the Board on its Long-Range Calendar. He noted that the calendar has been updated regarding meeting facilities, renewals and new applications, and the Star Ratings which will dictate much of the rest of the year's meetings. The Financial Framework workshop has been tentatively scheduled for the August 24th meeting. In November, Staff will be prepared to provide recommendations on the renewals and new applications received during the renewal and application windows.

Chair Guinasso asked to put Pat Hickey of CSAN on the calendar for an ACT Aspire conversation. Vice Chair Mackedon noted that schools need to know whether they need to schedule these tests. She asked that Staff place this conversation on the agenda for the September

meeting. Director Gavin expressed that the schools should plan on taking the ACT Aspire exam, just in case. He also expressed concern that Staff does not have the capacity to adequately address the ACT Aspire conversation in addition to the rest of its workload with regard to the Academic Framework and NSPF scores.

Chairman Guinasso asked that Staff schedule Pat Hickey to give a brief talk about ACT Aspire at the September 28th meeting.

Finally, Director Gavin and Chair Guinasso discussed having the board approve the SPCSA budget. Director Gavin stated that the budget is confidential, so the Board can't actually see it, but is supposed to approve it. Chair Guinasso asked Staff to look into this. He asked to put the budget approval as an item on the November meeting.

Agenda Item 21 – Public Comment #2

None.

Agenda Item 22 – Adjournment

The meeting was adjourned at 2:00pm.