

STATE PUBLIC CHARTER SCHOOL AUTHORITY

SUPPORTING DOCUMENT

**S U B J E C T: FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND ORDER
REVOKING THE CHARTER OF SILVER
STATE CHARTER SCHOOL**

 / / Public Workshop
 / / Public Hearing
 / / Consent Agenda
 / / Regulation Adoption
 / / Approval
 / / Appointments
 / x/ Information
 / x/ Action

MEETING DATE: March 9, 2016
AGENDA ITEM: 2
NUMBER OF ENCLOSURE(S): 1

**PRESENTER(S): Patrick Gavin, Executive Director, State Public Charter School Authority;
Greg Ott, Deputy Attorney General**

FISCAL IMPACT:

BUDGET ACCOUNT (FOR PRINTING CHARGES ONLY):

LENGTH OF TIME EXPECTED FOR PRESENTATION (IN MINUTES): 2 Hours

SUBMITTED BY: _____

Nevada State Public Charter School Authority

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER REVOKING THE CHARTER OF SILVER STATE CHARTER SCHOOL

On December 4, 2015, the State Public Charter School Authority (SPCSA), as sponsor of Silver State Charter School (Silver State), commenced a hearing under NRS 386.535 to determine whether the deficiencies stated in the Notice of Closure dated October 26 were corrected to the satisfaction of the sponsor within the specified time. The hearing was continued to January 4, 2016 and Silver State was given until December 10 to submit additional documentation regarding its efforts to cure the deficiencies stated in the Notice of Closure. At the December 4 and January 4 hearings, Silver State was represented by Ryan Russell of Allison Mackenzie, with Kit Kotler, Executive Director, Academics and Christina Saenz, President of the Board of Directors also present. SPCSA authority staff was represented by Executive Director Patrick Gavin. The documentary evidence received and considered by the SPCSA Board Members included the following:

- 1) Notice of Breach (2 Pages)
- 2) Forensic Audit Evidence (462 Pages)
- 3) Notice Of Closure (2 Pages)
- 4) Summary of Documents Provide by SSCS (3 Pages)
- 5) Response to Notice of Closure (3 Pages)
- 6) Additional Evidence Submitted by Silver State on 12/9 (214 Pages)

The Board heard oral testimony which was received at both the December 4 and January 4 meetings as well as public comment on the issues. Based on the totality of this evidence the Board of the State Public Charter School Authority finds and decides as follows:

FINDINGS OF FACT

- 1) Silver State is a Charter School sponsored by the SPCSA and has existed for 12 years. Its charter having last been renewed in 2010, will expire at the end of the 2015-16 school years.
- 2) On October 26, The SPCSA sent Silver State a Notice of Closure in accordance with NRS 386.535, notifying Silver State of two separate deficiencies, enumerated fully in paragraphs 1 and 2 of the Notice of Closure but in summary included “a pattern of fiscal mismanagement by current and past staff and members of this charter school’s governing body and the school has failed to comply with generally accepted standards of fiscal management (NRS 386.535(1)(a)(2)).” And that “the school has invested public funds in a high risk financial instrument, namely a derivatives contract, with Bank of America.”
- 3) The SPCSA notified Silver State that the deficiencies must be cured by November 27, 2015.

- 4) The SPCSA Board commenced a public hearing to consider whether to terminate the charter contract on December 4, 2015.
- 5) The public hearing to consider whether to terminate the charter contract was continued by the SPCSA Board to January 4, 2016 and the parties were given additional time (until December 10) to submit documentary evidence to the SPCSA Board.
- 6) The public hearing concluded on January 4, 2016.
- 7) Silver State Charter School took several curative measures in response to the Notice of Closure's deficiency number 1, "a pattern of fiscal mismanagement by current and past staff and members of this charter school's governing body and the school has failed to comply with generally accepted standards of fiscal management (NRS 386.535(1)(a)(2))" including severing its relationship with Kellie Grahmann, and taking efforts to have an independent accounting firm, Casey Neilon, to reconcile bank statements and prepare monthly financial reports, but the terms and scope of any relationship were not clearly defined as no executed contract was entered into evidence.
- 8) Silver State Charter School also contacted Cheryl Miller with regard to her acting as bookkeeper until the accounting firm began work, but the terms and scope of any relationship were not defined as no contract was entered into evidence.
- 9) Though the Board was in the process of undergoing several changes, no changes to the Board were offered as curative measures in response to deficiency number 1.
- 10) Silver State Charter School engaged in discussions with Bank of America in response to the Notice of Closure's deficiency number 2, "the school has invested public funds in a high risk financial instrument, namely a derivatives contract, with Bank of America" but did not close the contract in question prior to November 27, 2015.

Conclusions of Law

Based upon the foregoing Findings of Fact, the State Public Charter School Authority Board makes the following Conclusions of Law.

- 1) Pursuant to NRS 386.535, the sponsor of a charter school may terminate the charter contract before the expiration of the charter if the sponsor determines that the school failed to comply with generally accepted standards of fiscal management or failed to comply with any statute or regulation applicable to charter schools after providing written notice of its intention to the governing body of the charter school.
- 2) Silver State's governing board was provided notice of the SPCSA's governing board's intent by the October 26 Notice of Closure, which gave the school until November 27 to cure the deficiencies contained in the Notice of Closure.

- 3) Silver State's efforts to cure the pattern of fiscal mismanagement by current and past staff and members of Silver State's governing body and the school's failure to comply with generally accepted standards of fiscal management did not correct the deficiencies to the satisfaction of the SPCSA Board.
- 4) Silver State did not to cure the deficiency created by its investment of public funds in a high risk financial instrument, with Bank of America, within the time prescribed in the Notice of Closure to the satisfaction of the SPCSA Board.
- 5) Silver State, having failed to cure the deficiencies stated in the October 26 Notice of Closure may have its charter terminated by its sponsor in accordance with NRS 386.535.

Order

Based upon the foregoing Findings of Fact, Conclusions of Law and the record herein,

IT IS HEREBY ORDERED THAT the charter of Silver State Charter School is terminated at the end of the 2015-16 academic year pursuant to NRS 386.535. Staff of the SPCSA are directed to work with and assist the Silver State Board and staff to assist in the closure of the school in accordance with Nevada law. SPCSA Staff are further directed to submit a written report to the Department and the Silver State governing body as soon as practicable, but in no event later than 10 days of the termination of the charter contract.