

NEVADA STATE PUBLIC CHARTER SCHOOL AUTHORITY

September 28, 2015

Grant Sawyer Building
555 East Washington
Room 4412
Las Vegas, Nevada

And

Legislature
401 South Carson Street
Room 2135
Carson City, Nevada

MINUTES OF THE MEETING

BOARD MEMBERS PRESENT:

In Las Vegas:

Kathleen Conaboy
Robert McCord
Adam Johnson
Melissa Mackedon
Elissa Wahl
Marc Abelman

In Carson City:

None

BOARD MEMBERS ABSENT

AUTHORITY STAFF PRESENT:

In Las Vegas:

Patrick Gavin, Director, State Public Charter School Authority
Joan Jurgensen, Education Program Professional, State Public Charter School Authority
Nya Berry, Education Programs Professional, State Public Charter School Authority
Traci House, Business Process Analyst, State Public Charter School Authority

In Carson City:

Jessica Hoban, Administrative Services Officer, State Public Charter School Authority
Angela Blair, Education Program Professional, State Public Charter School Authority

Kathy Robson, Education Program Professional, State Public Charter School Authority
Katie Higday, Management Analyst, State Public Charter School Authority
Danny Peltier, Administrative Assistant, State Public Charter School Authority

LEGAL STAFF PRESENT:

In Carson City:

Greg Ott, Deputy Attorney General

AUDIENCE IN ATTENDANCE:

In Las Vegas:

Attendance Sheet Attached

In Carson City:

Attendance Sheet Attached

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

President Conaboy called the meeting to order at 9:05am with attendance as reflected above.

Member McCord asked for a motion for a flexible agenda. Chair Conaboy agreed and called for a motion for a flexible agenda. Member Van motioned for flexible agenda, Member McCord seconded. There was no further discussion. The motion carried unanimously.

Agenda Item 1 – Public Comment

John Hawk, Nevada State High School spoke in support of the early renewal policy being presented to the Authority and offered a few suggestions for further improvement. He said the Authority should consider working that will allow for future changes to the framework and accountability systems. He also offered some other edits that can be found as an attachment to these minutes.

Boone Kragen, Doral Academy, spoke about the charter school expansion policy. He said the testing requirements may contribute to burnout among students who are already asked to test a lot. He said the testing would also add financial burden to schools who may not be equipped to handle the financial increase in the budget. Member McCord asked if the amount of testing Mr. Kragen was claiming was in fact the amount of time students would be testing, or the amount of time the school would be proctoring. Mr. Kragen said the testing time was what students would actually be spending doing the tests.

Renee Fairless, Mater Academy, spoke in support of the Authority and its continued mission. She said that her parents and students were impressed with the professionalism of the Authority board and encouraged the Authority to continue to work on behalf of students in Nevada.

Steve Werlien, Nevada Connections Academy, spoke in support of the quarterly principals meetings among charter schools, which had begun the previous week. He encouraged all charter schools to continue their involvement in the meetings and said he hoped the schools could work together to address issues that were common amongst charter schools across the state.

Kit Kotler, Silver State Charter Schools, spoke in favor of Silver State Charter School. Her comments follow: Good afternoon. I am Dr. Kit Kotler, the new Executive Director, Academics, at SSCS. I hold a Masters in Teaching and Learning and a Doctorate in Education Administration. My area of expertise is in curriculum and instruction, specifically in school turnaround, and particularly in urban student achievement. In Detroit, our school won the Governor's Award for Academic Achievement when the plan I devised for increasing urban student achievement started at 22% proficient and grew to above 75% proficient in all grades and subjects tested, within three years' time. In Toledo, I turned around a High School Drop Out Prevention and Recovery School to the extent that their Performance Index (measuring Math and ELA improvement) increased by 12 points in less than 1 year. Meanwhile, across the nation the performance index increased during the same time period by only 1.5%---a huge difference. In May of this year I asked God/the Universal Force/Allah, or whatever term one prefers to use to send me to the school that needed me most---anywhere in the country. So....here I am at Silver State Charter Schools. Let me tell you what I know about Silver State Charter Schools in the five weeks I've been with the school:

- It is the oldest charter school in the state. SSCS opened in 2004.
- It is, I believe, the only charter school that busses students to and from school across several counties
- Our teacher to student ratio is 1:8-probably the best ratio in the state

- Many of our students graduate early which shows as a “drop out” under current report card statistics
- Our governing board has completely changed over in the past year. There is only one board member with more than one year’s experience
- The administration of the school has completely changed over the past two months, giving much opportunity for growth and improvement
- We have some of the most talented teachers I have ever seen in my 30 years in the field.

Let me tell you what I’ve heard about Silver State Charter Schools in the five short weeks I’ve been here:

- It consistently underperforms
- They have been allowed to run things into the ground for the past twelve years
- They are going to be closed

Being a researcher by nature and occupation, I decided to look into the allegations myself, using two sources: The 2013-2014 Nevada Report Card and our 2014 Accreditation Report. Here’s what I found (and this does relate directly to our request for the three amendments proposed, so thank you for your patience):

- Our special education population, at 23%, is more than twice as high as the state’s rate of 11.50%
- Our transiency rate of 70% is over 2 times that of the state’s rate of only 27%.
- Our credit deficiency rate is 16 times higher than the state’s rate in 9th grade and considerably higher than the state in grades 10, 11, and 12. This tells me that the achievement problem among our students started long ago, in traditional public schools-not as a result of attending our charter school.
- Yes, our graduation rate is considerably lower than that of the state due to the high number of “at risk” students we serve, although 90% of our students graduate with a standard diploma vs. the state rate of only 63%.

In terms of standards-based test performance...

- In Reading, the state showed 14% of students exceeding standards; our rate in the same category is only one point lower, at 13% of students exceeding Reading standards.
- In Writing, the state showed 3% of students exceeding standards; again, we showed just one point less at 2% of students exceeding standards.
- In Mathematics, we exceeded the state in meeting standards at 58% as compared to 54%.
- In Science, we met the identical rate as the state at 70% of students meeting standards.

So, rather than consistently labeling Silver State Charter Schools as “persistently underperforming” as I have heard from your organization on several occasions and as is indicated on the recommendation to the board on page 116 of the support documents, perhaps the facts could be considered. The facts support our allegation that we score as well as the state, in spite of the fact that we have twice the special education population as the state, twice their transient rate, and 16 times the state’s credit deficiency rate at 9th grade.

The facts support our allegation that Silver State Charter Schools manages to score relatively equivalent to the state academically, despite spending nearly \$2,000 less per pupil and with 90% of our students earning a standard high school diploma vs. the state’s rate of only 63%.

Finally, Nevada’s “star system” allots thirty points (almost a third of total points available) to “student growth,” yet neither of the two supposed measures of student growth listed are nationally accepted or

research-based and approved methods of actually measuring student growth. Three methods are nationally accepted and research-based: Student Growth Percentiles, Student Learning Objectives, and Value Added Measurements (Sanders & Rivers, 1996; Sherrer, 2011; Stronge, 2010; American Institutes of Research, 2014 & 2015; Silver State Charter Schools will pilot Student Learning Objectives in Term 2, beginning in mid-October. When you consider closing charter schools, please be very careful that the data you are relying on to make these decisions is both reliable and accurate. I submit that both are questionable at the present time. Your decisions can hurt children, as well as help them. Please be so very careful.

In terms of Mr. Gavin's admirable goal to possess only a portfolio of "high performing charter schools" the reality is that the state's demographics prohibit a majority of school's (state or charter) from being categorized as "high performing" at this point in time. It will take a deep understanding of the challenges faced by Nevada's students-and a willingness to tackle those challenges with creativity and a sense of camaraderie around the state-among NDE, authorizers, the Governor's office, SPCSA, and others to resolve these issues. Rather than closing schools (unless you plan to close all of the state's schools that are scoring at the equivalent of SSCS), then my suggestion is that we all collaborate to solve problems, rather than punishing students who are at-risk and/or alternative students-which could reasonably be interpreted as discrimination.

Agenda Item 2 - Approval of August 24, 2015 SPCSA Board Meeting Minutes

Member Johnson motioned for approval. Member Luna seconded. There was no further discussion. The motion passed unanimously.

Agenda Item 3 – Authority Update

Prior to beginning the Authority Update, Chair Conaboy asked Deputy Attorney General Ott if she could include two agenda items scheduled later in the meeting in her report for time's sake. Mr. Ott said he saw no problem since both items were for information only.

Chair Conaboy said Member McCord had reached out to West Ed to assist the Authority in developing a process for the evaluation of the Executive Director. Chair Conaboy asked Member Abelman, Member Mackedon and Member Johnson to work with WestEd to begin the development process. She also spoke about the Request for Proposal that had been released by SPCSA staff for a consultant to assist staff with the organizational and operational functions of the agency. Chair Conaboy said the Authority is still planning to have the board retreat, but it would be revisited at a later time due to the amount of work currently being conducted. Chair Conaboy concluded that all of the reappointments have not been made for the Authority and until those are complete the Authority would not hold elections for Board officers.

Agenda Item 4 – Director's Report

Director Gavin said due to time, he did not have any items to discuss before the board.

Agenda Item 11 - Update on Quest Academy Forensic Audit report and staff recommendation for action regarding possible additional oversight, further investigation, or other actions deemed necessary by the board as authorized by statute or charter contract

Member Abelman recused himself from the discussion.

ADD QUEST REC REPORT

Chair Conaboy asked representatives of Quest Academy to speak about staff's recommendation report.

Deb Roberson, Jennifer Anlange, and Terri Barber spoke on behalf of Quest Academy. Ms. Barber began by speaking about the actions the current Quest board had undertaken in response to decisions made by previous governing board members. She said the current board is working with vendors, staff and other interested parties to help fix the financial mismanagement of the previous governing board members. She said the school had replaced Sprint with Cox Cable to save on the technology costs that would have been paid to Sprint. She said the school is also terminating leases at the Azure Business office along with adjusting leases at other properties Quest uses. She said the school had implemented a payment plan with PERS to make up the missing payments owed to the teachers. She said the current board has created a financial and audit subcommittee to assist in managing the changes in the financial management of the school. Ms. Barber said Deloitte representatives were happy with the progress the school had been made. Ms. Barber said the school is more than willing to work with the Authority to fix the problems the previous governing boards of the school. She said the school is in support of the school being placed under receivership to clean up the financial mistakes of the school.

Ms. Roberson said Quest is staffed by exceptional educators and continues to be staffed by dedicated people. She asked the Authority to allow the current governing board to clean up the problems the previous board had. She said she hopes the Authority would not need to place the school under receivership, which may impact the education the school provides. Member Wahl asked for clarification with regard to Quest's request not to be placed under receivership. Ms. Roberson says her hesitation was with the uncertainty of being placed under receivership and how that would impact the school. She said she was also concerned with the financial impact of the receiver would be for the school. Member Wahl asked Director Gavin to clarify the expectations of the receivership.

Director Gavin said the school would lose its autonomy and if the school was not placed under receivership, he would recommend the school be closed. Member Luna asked about the timeline of the receivership. Director Gavin said he would have a more defined timeline upon the implementation of the receiver. Director Gavin said the main responsibility of the receiver would be for them to ensure the school meets its academic responsibilities through the remainder of the 2015-2016 school year. Chair Conaboy asked if the receiver would be a CPA. Director Gavin said he did not have the details on the receiver at the time of this meeting. Chair Conaboy asked how the interaction between the receiver and SPCSA staff would work. Director Gavin said the receiver would be the acting representative of the school and would interact with SPCSA staff in that capacity. Member Johnson asked Ms. Roberson if she was opposed to the concept of the receivership as opposed to the uncertainty it would bring. Ms. Roberson said the school was not opposed to a third party being brought in to assist the school with its financial management. Her main concern is the uncertainty of what the school would be asked to do under receivership. She was unclear if that meant the current board would be dissolved or if she would lose academic control if the school were placed under the receiver. Director Gavin said that at the current time the only guarantee he would be willing to make to Quest Academy would be that the receiver would ensure the school completes the 2015-2016 school year.

Member Mackendon asked if the receiver would have control over academic decision making. She envisioned a scenario where the receiver identified financial issues with academic content which could disrupt the academic implementation at the school. Director Gavin said that could be a possibility depending on the findings of the receiver.

Member McCord said he felt a timeline would be very important to clarifying what the receiver was expected to complete. He said this would provide clarity to both Quest's governing board and the Authority itself. However, he said the school had many problems in the past with financial management and it would be no guarantee the school would remain open or be allowed to end its receivership. He did

commend the school on the recent decisions made and hoped the school would continue to examine its deficiencies and recommend changes appropriately.

Member Mackedon moved for approval of the two part recommendation of SPCSA staff:

Because the auditors received no cooperation from the CFEF entity which claimed it was not subject to auditors requests for information, but significant public money continues to flow from the school to this foundation that was established by former board members, staff is directed to forward the audit results to the Attorney General's public integrity unit for further investigation of any issues raised in the audit results and because the audit revealed a pattern of self-dealing transactions by past members of this schools board, and because the ramifications of those decisions continue to impact the school, staff is directed to take immediate actions to work with the school for the installment of a receiver as soon as possible.

Member McCord seconded. There was no discussion. The motion carried unanimously. Member Abelman abstained.

Agenda Item 10 - Silver State Amendment request pursuant to NAC 386.325

Director Gavin said Silver State Charter School seeks approval to change the school schedule and operating structure of the school mid-year. The school, which is among the lowest performing in the state and has a written charter which is scheduled to expire at the end of the 2015-16 school year, is in receipt of Notices of Breach due to both academic and organizational performance. The school, which has a new leader, is seeking to move from a 4 day school week to a 5-day school week and is seeking to convert the school from an open campus program with a more flexible student schedule to a closed campus program with a more structured approach. There has been some staff and student objection to this mid-year change.

Analysis:

The school's history of poor performance in multiple domains is well documented and it has been evident for some time that the school needed to make dramatic changes to reverse its trajectory. From a general programmatic perspective, the proposed changes seem reasonable and, had they been implemented in prior years, might well have resulted in some improvement in the school's academic performance. It is important to note, however, that there will be little or no opportunity for the school to provide sufficient valid and reliable data on the impact of this change prior to any decision to close the school or to invite the school to submit a renewal application. The Authority must base both its staff recommendations and its Board decisions on clear and unambiguous results, not on last ditch efforts, however sincere and well-thought through. Consequently, it is unlikely that the disruption caused by such midyear changes will be mitigated by any impact the prospect of ongoing operation.

Conversely, the school's long track record of underperformance raises the specter of several hundred young people being under-served under the current academic model. To the extent that these changes can have some impact on the academic outcomes for the school's remaining student body, there is merit in implementing such changes.

Recommendation:

Based on the potential for some positive academic impact on the students enrolled at the school, however limited, staff recommend that the Board approve this amendment request with the provision that no last minute initiative, however laudable, will influence the Board's evaluation of the school's performance for

the purposes of upholding any Notice of Closure or arriving at a decision to renew or not renew the school.

Chair Conaboy asked Dr. Kotler to speak on behalf of Silver State Charter School. Ryan Russel, Silver State Charter School's attorney also spoke on behalf of the school. Dr. Kotler explained the past decisions of both the Authority and Silver State Charter School's governing board and why they had decided to amend the instructional for the school. She said last summer the Authority approved an amendment permitting teachers to work four nine-hour days. Upon Dr. Kotler's arrival, she noted the schedule to be that on Mondays, although teachers were on site, they were not scheduled to teach any classes; students were required to attend one half day on Tuesday, Wednesday, or Thursday. The teachers take every Friday off. This is not conducive to improving student achievement. For reasons already stated in the support documents Dr. Kotler wrote, she requested that SSCS be permitted to open the school Mondays through Fridays for instruction and student support, teacher training, etc. The improved programming will permit SSCS to immediately diagnose deficiencies in mathematics and reading and provide content to bring student's up to grade level. It also allows low readers to have text read to them that they cannot read for themselves. These are among the improvements SSCS will make this year, if approved. SSCS also joined Western Nevada College's "Jump Start" program so our eligible students can graduate with a two-year college associate's degree as well as a high school diploma.

Dr. Kotler also noted that rather than this being a "last ditch" effort to improve scores among a majority "at risk" population (as is suggested in your support documents), it is a continuation of an observation-research-planning-and modification of programming-system that she was employing to better meet student learning needs.

In addition, the original mission and vision statements stated that SSCS primarily serve "at risk" and "alternative" education students. Dr. Kotler's understanding is that the school was "talked out of" leaving those items in and they were stricken from the statements. The school revised the mission and vision statements. The approved mission statement, as shown in the Authority's support documents, may be incorrect if it is not reflective of the approved minutes. It should read:

Member Pilant made a motion to approve the minutes of September 8, 2015 with an amendment to the mission statement to satisfy NRS 386.520 (4)(b) such that the mission statement reads: *"Silver State Charter Schools promotes a safe, supportive, alternative learning environment to support the unique needs of our students for the purpose of improving the academic achievement of at risk and general education pupils."*

Chair Conaboy asked about the staff support discrepancy between what SSCS says and what was contained in the SPCSA staff recommendation. Dr. Kotler said staff reaction has been split and about half of the staff is still aligned with the previous administration and due to that support their reaction to this plan has been negative. Chair Conaboy asked if this request may cause the school to lose students who might have already enrolled. Dr. Kotler said she felt the school would be gaining students due to this policy change because of the positive feedback she had received from students and parents.

Director Gavin disagreed with the star rating claim made by SSCS. He said that SSCS is currently the only one star school in the SPCSA's portfolio. He said the school's request to change the mission statement would not receive the support from SPCSA staff at the current time, and recommended the school include that change during the renewal of the charter contract.

Discussion continued between the Authority and Dr. Kotler regarding the staffing of the school if the amendment was approved. Dr. Kotler said there would be no need to change the staffing level if this

amendment was approved because she would be adjusting the electives offered by the school therefore freeing up time from individual teachers to concentrate more on core subject teaching. Member Abelman said he was concerned with such a large change occurring after school had already started. Dr. Kotler said she appreciated the concern, but felt the change would have a positive impact on the students. Member Mackendon said changing the mission of the school may include statutory requirements that she wasn't sure the school had looked into. She said by changing to an at-risk designation would require the school to meet more rigorous reporting requirements than they may be used to.

Chair Conaboy clarified that the amendment request for the meeting today was a programmatic school and the mission change was not to be included in the vote. Director Gavin agreed with Chair Conaboy regarding the amendment request. Ryan Russell also agreed that the only request that should be voted on today would be the programmatic change and the discussion regarding closure or renewal be discussed when it was properly agendaized.

Member Wahl moved for approval of Silver State Charter School's amendment request pursuant to NAC 386.325. Member John seconded. There was no further discussion. The vote passed 6 – 1, with Chair Conaboy voting against the motion.

Agenda Item 5 - Follow-up and possible action on Criteria and Process for High Stakes Review of Charter Contracts and Criteria for Closure, Reconstitution, or Restart of a Charter School

Director Gavin said within some statutory limits, the SPCSA Board has and should retain broad discretion regarding whether to reconstitute or to revoke/terminate a school and then subsequently restart it or not. To inform the SPCSA Board of all appropriate options, ensure that the process is effective at improving the overall performance of Authority schools, and that all SPCSA students have access to a high quality public school choice, as defined by state law and the SPCSA performance framework, staff recommends the following supporting policies and processes:

Adopt Policy Codifying SB509 Low-Performing Schools: Pursuant to SB509 (and aligned language in SB92), schools are low-performing if they do not meet any one of a number of academic performance thresholds defined in law and regulation. To ensure alignment with SB509, staff recommends that schools which currently fail to meet any academic performance threshold set forth in statute or regulation be subject to a Notice of Closure under the Authority intervention process and subject to reconstitution or revocation/termination followed by possible restart as early as the 2015-16 academic year.

Contractual Disclosure and Reconstitution Limitation Policy: All schools which are scheduled for renewal or have received a Notice of Concern, Breach, or Closure will be required to submit a list of all contracts in excess of \$25,000. The submission will identify the contracting parties, the reason for the contract (including if it is a contract with an EMO), the annual amount, the expiration date of the contract, and any exit or termination clause. Staff recommends that any school which the Authority determines has a management contract which does not comply with the SB509 termination requirement in the event of reconstitution be ineligible for reconstitution. This is a critical component of both the Closure Decision-making Process and the Reconstitution and Restart Review Cycle.

Policy Providing for Notice of Closure to Trigger Reconstitution RFP Process: To maximize the opportunity for current Nevada schools and out-of-state CMOs to provide a seamless transition for students and families, staff recommends that the SPCSA Board authorize staff to begin a Reconstitution RFP process immediately following a staff determination that a school must be served with a Notice of Closure pursuant to law, regulation, or policy as well as immediately following any Board action to

exercise its own authority to serve a school with a Notice of Closure absent staff action, *e.g.* in the event that the Board votes to revoke or terminate as a result of a high stakes review identified in a charter contract. In the event that the policy preventing reconstitution in the case of non-compliant management agreement ultimately precludes reconstitution, SPCSA staff will work with respondents to the RFP to determine if restart under a new lease in the same building or a nearby facility is a viable option which it can recommend to the SPCSA Board. This is a critical component of both the Closure Decision-making Process and the Reconstitution and Restart Review Cycle.

Policy Providing for Rescission of a Vote to Revoke or Terminate in Favor of Reconstitution with a The Board of a New School or a CMO and for Rescission of a Vote to Reconstitute in Favor of a Vote to Revoke or Terminate: In the event that the SPCSA Board determines that a viable, high quality operator is able to take over a school before it ceases operation or in the event that a previously identified operator is unable to follow through on a reconstitution, the SPCSA Board must reserve the right to rescind its previous vote and replace it with the alternate high stakes intervention. This is a critical component of the Reconstitution and Restart Review Cycle.

Policy Providing for Expedited Renewal: While significant attention must be paid to those schools in the portfolio which are failing to meet academic, financial, or organizational targets, we also have a number of schools which are performing well in all three domains. The performance framework, approved in 2013, references the opportunity for high achieving schools to request expedited renewal. The resource constraints of the SPCSA have limited the Authority's ability to plan for such an eventuality, but it is important to note that there are multiple schools which currently meet or exceed all the criteria identified in the "Go Decision" column above which will be up for renewal over the next several years. These include Somerset, Oasis, and Nevada State High School. The latter, which is up for renewal this year, has already made inquiries about the possibility of submitting an application for and receiving renewal by the end of the calendar year. Staff strongly recommends that the SPCSA adopt a policy permitting such an expedited renewal review and approval for the highest achieving schools in the portfolio beginning in the 2015-16 academic year. Consistent with SPCSA Board guidance, this process would be aligned with the written charter renewal process outlined on page **Error! Bookmark not defined.** and the charter contract renewal process discussed on page **Error! Bookmark not defined.** This process would require a qualifying school to submit a one-page letter requesting expedited renewal, a copy of its current school improvement plan, and a copy of a plan for disseminating the best practices it has successfully implemented to other charter schools in Nevada and around the country.

Policy Providing for Revision and Technical Changes to the Performance Framework: The academic portion of the SPCSA Performance Framework is considered a national model for charter school academic accountability. It is weighted heavily towards academic growth and it rates schools based in large part on the impact they have on students versus the impact of each student's zoned school in their district of residence on their own students. As the Board is aware, the complications of the SBAC rollout will result in not one, but at least two years without any growth data. This will significantly hamper the SPCSA's efforts to comply with its statutory obligation to issue an academic framework on an annual basis. SPCSA staff are in ongoing discussions with NDE leadership, NACSA staff, and other state agencies to devise an appropriate short term solution. The general approach being explored by NDE involves delegating responsibility to districts and schools to develop multiple measures. This presents challenges for a small statewide authorizer, and it is contrary to the Authority's own guidelines regarding mission-specific metrics, which mandates that they be *rigorous, valid, and reliable. This effectively excludes most teacher or school created assessments. Moreover, the likelihood that the Authority's existing and new, legislatively approved staff can effectively oversee, support, and analyze the implementation and results up to 23 different third party assessments is highly unlikely unless there is*

a dramatic shift in our statutory responsibilities or a significant increase in our legislatively approved budget. Based on a historic review of the performance frameworks and performance management policies from other authorizers which have experienced similar disruptive changes in state testing, including those which have similar resource constraints due to appropriation limitations, staff recommend the expansion of the Authority's current additional assessment, the ACT Aspire, which was incorporated into the Performance Framework as a high school measure, to measure student outcomes in grades 3-10. This assessment, which is aligned with the statewide college and career readiness assessment, the ACT, can be obtained without resorting to an additional lengthy procurement and has the advantage of being supportable by existing staff without additional training or adding significant additional headcount to the Authority. Staff seeks board approval to implement this change to the performance framework and to continue to seek all necessary approvals to purchase this assessment through an expanded contract.

Additional Federal Considerations

Federal policy identifies the mechanisms we define in statute as reconstitution and restart as school improvement methods which are particularly appropriate to charter school authorizers and to portfolio LEAs like the SPCSA, as they do not require the level of day-to-day authorizer/LEA support that the more common turnaround and transformation models more frequently used by school districts. The latter two models assume, for example, that the LEA is the direct employer of school staff and that it has the capacity and authority to terminate or reassign staff. This is also consistent with the types of improvement interventions outlined in SB92. The state's NCLB waiver also recognizes the distinctions between these models.

Under the current statute and agency mandate and resourcing, the SPCSA's authority to support the more district-oriented interventions is constrained to a degree which may make low-performing SPCSA charter schools less competitive applicants for federal school improvement grants and other discretionary federal dollars allocated to low-performing schools. Both federal law and the NCLB waiver assume a robust, district-driven improvement process. Staff is continuing to work with NDE and the Governor's finance office to address the tensions between our statutory and appropriation constraints and the broader set of federal expectations for LEAs versus our statutory mandate to implement and model best authorizing practices. In the long term, however, it is likely that this tension will only be resolved by a statutory change which would make SPCSA charter schools their own LEAs, much like the charter schools to be authorized by the Achievement School District. In the interim, however, it is important to note that the new statutory powers granted by SB509 and other legislation may also provide the SPCSA with the opportunity to access these competitive dollars for the purpose of supporting the reconstitution and restart of schools in the portfolio, including the engagement of external experts to evaluate school performance and make appropriate recommendations regarding the criteria for approving RFP respondents. Consequently, staff request SPCSA Board approval to directly compete for such federal grants in the future and to seek NDE approval to amend the grant applications submitted on behalf of schools the SPCSA Board chooses to close to support this crucial work.

Chair Conaboy asked how the star rating freeze would affect the SPCSA's ability to measure the school's progress. Director Gavin said there were discussions about that would be addressed with an implementation of the ACT test for grades 3 – 10 being possible solution. Member Luna asked which schools would be eligible for the alternative framework. Director Gavin said until the alternative framework was finalized it would not be known which schools would be eligible for alternative framework inclusion.

Chair Conaboy asked for clarification regarding the expedited renewal and if that renewal would only necessitate a one page letter to the Authority requesting the expedited renewal. Director Gavin said he had received feedback that schools that have exceeded the terms in their contracts should not be asked to run through hoops in order to receive and renewed charter contract. Discussion continued regarding dissemination money from federal grants that the SPCSA or NDE may receive for replication of high quality charter operators. Chair Conaboy said she felt schools who were of high quality had a responsibility to the state to give back and provide resources to allow for replication of their models. Member Mackedon said she would have to think about the replication idea more, because it may put undue burden on schools who may not be interested in replicating their model across the state. She said she was more than willing to provide any and all resources her school could, but would withhold final judgement until a more concrete plan was released. Member Johnson added that he felt it would be a benefit to encourage schools to replicate while not burdening the current operation in order to provide quality education to as many students in Nevada as possible. Director Gavin agreed with Member Johnson and said that charter law in Nevada was not meant to create islands of success without providing incentives to replicate that success in other areas across the state.

Director Gavin asked that the board approve the expedited renewal application and approve the contract authority to allow for SPCSA staff to meet state mandated deadlines for approval to spend money on testing, possibly the ACT Aspire. Member Mackedon asked if there would be allowance for changes to the ACT contract in the event schools provide different solutions that may not include the ACT Aspire test. Director Gavin said there would be opportunities to change the testing vendor, and that this request was for staff to be able to pursue the funding authority to enter into a contract with ACT or other vendors if schools so desired.

Caroline McIntosh, Nevada Virtual Academy, disagreed with the SPCSA's staff recommendation to pursue the ACT Aspire test. She said she was the state representative for ACT, but felt the test would not be able to meet the needs of the schools and the Authority. She said her school had implemented the ACT test and had a lot of trouble with the implementation. She also disagreed with Director Gavin's decision stating that she felt there was not enough discussion with charter school operators. Ms. McIntosh requested that the Authority pause the vote until more stakeholders were included in the discussion. Member Wahl asked how the implementation failed NVVA and what the Authority should do in the absence of valid testing data during the star rating freeze. Ms. McIntosh said the administration of the test caused many problems for students, parents and teachers.

Chair Conaboy asked if the approval for funding procurement would mean ACT would be the only option for testing. Director Gavin said this approval was only for the authority to procure the funding to enter into a contract with a vendor regarding testing. Director Gavin also added that he had numerous conversations with schools regarding this request and although some schools may disagree with the recommendation that should not be construed as a lack of communication with interested stakeholders.

Member Mackedon moved for approval of the expedited renewal policy with changes included from Dr. Hawk's first and second policy recommendations. Member McCord seconded. The vote was unanimous.

The Authority then considered the second recommendation contained within the Agenda Item 5 recommendation report regarding Authority staff's needed approval from the Authority Board for procurement of funds for ACT Aspire or other testing vendor if ACT was not chosen.

Member Wahl moved for approval of Authority staff to pursue necessary requirements to meet state deadlines in order for the Authority to be given the approval to contract with ACT or another vendor as determined by the Authority. Member Abelman seconded. The motion carried unanimously.

Agenda Item 9 – Timeline, Criteria and Process of Fall 2015 Charter amendment cycle plan pursuant to NAC 386.325

Director Gavin began by speaking about SB509, which provides that the SPCSA must adopt criteria for evaluating amendment requests to add new facilities. In contrast to historic regulatory language, is also requires that the Authority evaluate both the track record of the school which is seeking the amendment in the areas of academic, financial, and organizational performance, and it requires that the Authority assess the capacity of the school to operate a high quality multi-site school network. Authorizers are increasingly concerned with issues like consistency of implementation, student equity and outcomes, and the capacity of boards and organizations to meet the challenges that accompany significant changes in scale. Recognizing the crucial role of governance in driving exemplary performance, the Authority is continuing to engage in ongoing discussions with NACSA and Board on Track (aka the High Bar) regarding this evolving area of authorizer practice both via research and through participation in discussions with the new National Charter School Governance Institute. Through that research, SPCSA staff has identified a compelling metaphor, the Capability-Maturity Model, which may have significant implications for how we will come to evaluate the effectiveness of boards and schools and determine their capacity of boards to take on new challenges. Based on lessons learned from other industries, including defense, software development, and social enterprise, the Capability-Maturity Model may also have implications for how the SPCSA ultimately organizes and deploys its own authorizing and performance management functions and processes.

Current Process:

The current amendment process for adding an additional facility is both opportunistic and ad-hoc. SPCSA staff frequently learns that a school is contemplating adding a new facility after receiving a call or an email from a school inquiring about the next board agenda. This results in a last minute scramble to accommodate schools and evaluate the request. As we have observed, expanding to additional facilities can be a high risk endeavor both for the Authority and for schools. Opportunistic expansion can strain resources, expose systemic weaknesses, and lead to significantly diminished performance across all domains. It is also evident that the current process set forth in NAC requires additional scaffolding in the form of policy and process to provide appropriate clarity to schools, SPCSA staff, and the Board. In this area, it is clear that the SPCSA itself is functioning at the lowest tier of the Capability-Maturity Model. Based on our new statutory responsibility and experience with the current process, it is clear that we need to make significant changes.

Member Mackedon asked about the timeframe for the amendment cycles and if the proposed dates would interfere with the new applicant cycles that happen around the same time. Director Gavin said the submissions would not interfere with the application cycles in either fall or winter cycles.

Ryan Reeves spoke in favor of the timeframe recommendation contained within the recommendation report.

Member Mackedon moved for approval of bi-annual facility expansion policy. Member Abelman seconded. There no further discussion. The vote was unanimous.

Director Gavin then discussed the Expansion Amendment Request format as a means of improving the process and increasing the quality of new site expansion across Nevada or authorize staff to publish it with the technical changes and corrections requested by the Board during this meeting. He said the goal was to maximize the flexibility currently contained with NAC while keeping national best practices. He said the goal of the expansion policy would be to limit unrestricted growth while allowing for an avenue for high quality charter schools to expand their instruction to other parts of Nevada.

Chair Conaboy had to leave the meeting at 1:30 pm, but asked to have comments regarding the aforementioned agenda item included in the record. She asked if each school that was replicating would have a board for each site, or if it would be one governing board for all of the sites. Chair Conaboy also reiterated her support for charter schools to define their mission-specific goals. She said she hoped schools would be collaborating with one another regarding offering the Special Education full continuum, but was going to withhold an opinion until she had heard more from charter schools. Chair Conaboy also spoke about transportation at the charter schools and if it would be required by the Authority in the future.

CHAIR CONABOY LEFT THE MEETING AT 1:20 PM. VICE CHAIR WAHL TOOK OVER AS CHAIR OF THE MEETING

Chair Wahl asked Director Gavin to discuss the expansion policy in more detail. Director Gavin explained the proposals contained in the new policy and the reasoning behind their inclusion. To be eligible to submit an expansion amendment in the fall 2015 expansion amendment cycle, a school must be in good standing in all three domains of the Authority's academic, financial, and organizational performance frameworks and it must not be considered a low-performing school or otherwise ineligible according to any definition set forth in law or regulation. Ineligible schools include, but are not limited to those schools which operate an elementary, middle, or high school rated below the three star level; schools which operate an elementary, middle, or high school program that is a priority or focus school; schools which operate high schools with graduation rates below 60 percent; and schools rated at the approaches, unsatisfactory, or critical level on the Authority Performance Framework either in aggregate or at the elementary, middle, or high school level.

A school which does not have at least one independent financial audit and one year of academic performance data in the Nevada system of accountability is ineligible to apply for an expansion amendment unless the school was approved by the Authority as an EMO replication of a high performing charter school in another state or the operator applied as a CMO applicant and has replicated a high performing charter school model from another state. In such cases, the school will be required to submit updated academic, financial, and organizational performance data in all three domains from the replicated EMO school or CMO school network. Such schools are also encouraged to submit, rigorous, objectively verifiable internal assessment data which demonstrates that the Nevada-based charter school is making progress similar to that of the schools in other states with similarly rigorous academic standards and statewide assessment systems and evaluative criteria. Such non-Nevada schools must be continuing to meet the academic, financial, and organizational performance targets which made them eligible for replication in Nevada for the Authority to consider utilizing their results as a proxy for the performance of a Nevada replication school utilizing the same model. It is also important to note that the Authority will only favorably consider internal assessment results for Nevada campuses which meet or exceed those of schools utilizing the same model in such states. Put simply, such data must, in the Authority's sole discretion, support the finding that the Nevada replication school is on track to perform as well or better than the replicated school on a rigorous, statewide assessment. In the event that the Authority mandates a system-wide assessment to supplement the statewide test and provide for additional data in the event of a

testing irregularity or a change in state testing provider, schools should expect that data from that assessment will outweigh data provided from a school's internal assessment system.

Schools are advised that fiscal or organizational issues which are discovered during the review process, including issues related to or raised in the annual independent audit which is due to the Authority on December 1, 2015, will result in denial of the expansion amendment request.

Chair Wahl asked how the current charter schools are servicing special student populations. Director Gavin said Pursuant to State and federal law, SPCSA schools are required to serve the needs of all students in special populations. Beginning in the 2016-17 school year, the State of Nevada will switch to a weighted formula for special education. For the first time, this will provide for equitable special education funding across all Nevada public schools. Over time, this will necessitate current SPCSA-sponsored charter schools moving from a defined continuum of service to a broader continuum of services. All operators submitting amendment requests to the SPCSA after the conclusion of the 2015 Legislative Session should plan on offering students a broad continuum of services that will expand to the full continuum if the school will grow to serve more than 1,500 students as a result of this amendment request.

The SPCSA operates under the following principles with regards to special populations of students: SPCSA schools serve all eligible students. SPCSA schools do not deny the enrollment of any student based on needs or disability.

Member Mackedon had reservations regarding charter schools entering into MOU's with the school districts in which they operate. She said she would be in full support of schools offering the full continuum, but charter schools need to have access to equal funding both in student funding and facility funding to allow for school to provide the full continuum of service. Ryan Reeves also added he had the same concerns regarding funding equity for charter schools.

Member Mackedon also asked about the expansion of 3 star schools and whether that would still be in effect moving forward. Director Gavin acknowledged inconsistencies within the expansion policy, but did say he believed the more a school wants to expand, the more successful they should be in order to spread high quality education across the state, as opposed to growing for the sake of growth.

Chair Wahl asked Director Gavin to explain the micro-schooling contained within the policy proposal. Director Gavin said micro-schooling was programs that exist within operational schools, and the operational school incubates the micro schooling program until it is ready to operate as its own charter school. Equipo Academy was incubated within the Clark County School District and has had success in becoming a standalone charter school. Member Wahl asked why micro-schooling was included in the expansion document. Director Gavin said schools may need to be required to incubate new programs if they consider growing beyond agreed upon levels. This would allow for the schools to increase the diversity of its student populations. Chair Wahl had reservations about requiring schools to host micro schools and if that was going to put undue burden on high quality schools. Director Gavin said schools would not be forced to host micro schools unless they were planning on expansion. Member Johnson asked what type of support would be provided to schools who may host a micro school. Director Gavin said staff would continue to work with schools on a case-by-case scenario to provide as much support as possible. Member Mackedon felt the application itself was too burdensome and hoped the application could be scaled back. Director Gavin said a lot of the information schools would be asked to submit would already be created and it would be a matter of consolidating data from other reporting requirements the schools already had. Director Gavin also added the reason for a more in depth expansion application

was to prevent schools from over-expanding beyond their capacity and to force the schools to think strategically about the decisions they were making.

Member Johnson moved for approval of the Expansion Policy Application as submitted by Director Gavin. Member Luna seconded. Discussion continued.

Member Mackedon asked if the motion included the Special education portion of the application. Member Johnson said his motion was for approval of the application and approval of the opt-in Special Education provisions. Ryan Reeves spoke in support of the motion including the opt-in provision for the Special Education requirements. Bob Beers, treasurer of Founders Academy, hoped the board would take more time to consider the application before them. He said speed of decisions in government without the proper vetting of the document being decided upon may lead to problems in the future. Member Luna asked for Member McCord's opinion on the matter. He said he was in full support of diversification of charter schools across the state.

Member Johnson restated his motion:

Member Johnson moved for approval of the Expansion Policy Application as submitted by Director Gavin. Member Luna seconded. There was no further discussion. The motion passed 5-1 with Member Mackedon voting no. Chair Conaboy was absent.

The Authority then began discussion of item four contained within the criteria for expansion policy proposal. The proposed recommendation from SPCSA staff was to require schools that seek to operate larger multi-site schools to commit to key initiatives essential to diversifying the non-White, ELL, Special Education, and free and reduced priced lunch populations on their campuses through a menu of required and optional initiatives. Discussion revolved around moving the Special Education provision, committing schools to serving the full continuum at 1,500 students, from a requirement to being optional until school budgets can be updated with the new expenditures. Director Gavin said he was okay with the change and would work with the Authority to clarify the Special Education provision.

Member Luna moved for approval of the SPCSA staff criteria for expansion option 4 with the change to require schools to Supplement, and, as necessary, supplant social media and online marketing in favor of comprehensive grassroots outreach plans targeted at communities of color, families living in poverty, families whose home language is not English, and families of students with disabilities to attract and retain a student population which is reflective of the surrounding zoned schools, choosing 3 of the remaining initiatives which will remain optional . Member Abelman seconded. There was no further discussion. The motion passed unanimously. Chair Conaboy was absent.

Director Gavin then asked if Member Wahl would allow for agenda item 4 to be reopened for an announcement he had just received. Member Wahl agreed to allow Director Gavin to open the agenda item.

Agenda Item 4 – Director's Report

Director Gavin announced the SPCSA long with the Nevada Department of Education had been awarded \$16 million for the Charter School Start Up Grant from the United States Department of Education.

Agenda Item 6 - Charter School Closure Overview and Procedures

Director Gavin gave an overview of the charter school closure process. Both the NRS and current NAC contemplate a closure process whereby most of the responsibility for unwinding the affairs of a school which is not renewed or has had its written charter revoked, its charter contract terminated are delegated to the governing body and staff of the school. While there are some penalties for non-compliance with the closure expectations set forth in law and regulation, these primarily fall on the shoulders of the licensed personnel required to serve on the board of the charter school. It is unclear how enforceable such provisions would be, especially in cases where the licensed persons resigned prior to the closure of the school. Moreover, while the delegation of such tasks to the governing body and staff makes sense in the context of Nevada's philosophy of small government, it is unclear whether parties who proved unable to effectively and accountably operate a charter school which met the academic, financial, and organizational performance expectations necessary to merit ongoing operation would suddenly see the error of their ways and conduct an orderly and accountable wind-down of the academic program, operations, and business affairs of the school following a Notice of Closure. It is important to note that the addition of the receiver provision in SB509 was intended, in part, as an authorizer-directed mechanism to appropriately safeguard pupil welfare, public assets, and public funds in the event that the school board and leader proved inadequate to the task. There was no discussion with the board as the item was meant for information only.

Agenda Item 7 – Update on Fall 2015 Charter School Applications received

Director Gavin said the Authority had received four charter applications for the Fall 2015 Application Cycle. One application was deemed administratively incomplete as was asked to submit during the Winter Application cycle.

Agenda Item 8 - Winter 2016 Charter Application Cycle implementation plan

Director Gavin explained the Winter 2016 Charter Application Cycle. Staff recommended that the following changes be made to the winter cycle:

1. Notice of Intent deadline of either December 1 or December 15 to allow additional time to work with state purchasing and the finance office to recruit and contract with external reviewers
2. The deadline for Applications: January 15
3. Depending on the option chosen by the Board, staff could proceed on several paths:
 - a. Option 1: Utilize the same RFP templates with minimal changes based on staff and applicant feedback with application going live by October 1. This would keep the same general timeline and process in place, though the additional timeline flexibility offered by SB509 would permit additional time for review
 - i. This would likely result in capacity interviews in mid-February and staff recommendations to the Board by March 31.
 - b. Option 2: Use the new authority under SB509 to bifurcate the process:
 - i. Round 1: An initial submission window where experienced applicants and schools with EMOs submit only their performance data and novice applicants without EMOs submit their governance and academic plans along with a short, conceptual budget. Applicants would be selected to move to Round 2 based capacity interview, track record, and strength of plan by February 15.
 - ii. Round 2: Invitational round where applicants submit full applications and possibly a follow-up interview. Applications would be due March 15 with recommendations to the board by April 30.
 - c. Option 3: Stick with Option 1 for the Winter Cycle and continue redesign of process to more closely resemble Option 2 for the new Summer Round with a contemplated June 1 Notice of Intent and a July 1 Application deadline. This has the advantage of not switching things up on applicants who may already be planning to submit in the winter.

- d. Option 4: To be combined with any of the preceding three options: Provide for priority review of top-tier experienced CMO applicants (Track D) and top-tier replication models (Track C), i.e. Charter School Growth Fund portfolio members and Building Excellent Schools fellows supported by Opportunity 180 to apply on a rolling basis with a staff commitment to review and make a recommendation to the Board within 75 days.

Member Luna asked about the training staff would be able to provide to potential applicants. Director Gavin said that staff capacity at the current makes it difficult to provide the robust training he would like to see. Until budget approvals for new positions are approved, training will likely be limited in the short term.

Member McCord moved for approval of Option 3 in the 2016 Winter Charter Application Cycle Implementation Plan. Member Johnson seconded. There was no further discussion. The motion passed unanimously. Chair Conaboy was absent.

Agenda Item 12 - Beacon Academy update with meeting enrollments targets set at the July 13, 2015 SPCSA Board meeting

Tambre Tondryk spoke on behalf of Beacon Academy. She provided the following information regarding the enrollment target. Ms. Tondryk said it was important to note that the data for the 2015-2016 school year is incomplete and will change to reflect new enrollments, missing transcript and high stakes testing information.

The preliminary data presented:

- 551 Total student enrollment on 9/25/2015
- 43% Free and Reduced Lunch
- 13% Special Education or 73 students
- # students in each cohort
 - 2019- 40 students
 - 2018 – 104 students
 - 2017 – 150 students
 - 2016 – 180 students
 - 2015 and earlier: 77 adult students

Ms. Tondryk said that 54% of all students in the school are credit deficient, not including 9th graders and 62% of new students are credit deficient, not including 9th graders.

Agenda Item 13 - Nevada Virtual Academy update with meeting enrollments targets set at the July 13, 2015 SPCSA Board meeting

Caroline McIntosh and Ben Gerhardt spoke on behalf of Nevada Virtual Academy. Ms. McIntosh said the school was down around 356 students from the previous school year. Mr. Gerhardt added that each year the school has a large turnover of students who decide to enter back into a regular brick and mortar schools. He said the school did not track why those students left, but was now actively following up with students to see why they withdrew from NVVA. Discussion continued between the Authority and NVVA regarding the enrollment policies and the changes that had been made over the course of the past few years.

Member Wahl asked about the language that was used on NVVA's website and if it may be misleading parents. Ms. McIntosh said she would look into how enrollment policies were described on the site and work with her IT staff to ensure there was no misleading language included. Member Mackedon asked

why messages she had received on social media were saying NVVA would be enrolling K-11 and not K-12. Ms. McIntosh said the school had made a decision to stop enrolling new 12 graders until the school had a more robust credit recovery program. Member Wahl asked if a district brick-and-mortar school could limit its enrollment and not accept 12 graders. Director Gavin said a district school, along with charter schools, could not limit enrollment and not accept 12 graders. Member Wahl added it would be difficult to measure NVVA versus other online schools with regard to graduation rate because it had limited accepting new 12 graders while other online schools had not. Member McIntosh said the NVVA board had not meant anything disingenuously and ensured the board that NVVA would look into these policies and rectify the situation.

Member Wahl asked why the NVVA website said enrollment was closed for the 2015-2016 school year and whether that was legal or not. Director Gavin said it was not allowed, a school could say the additional students would be placed on a waiting list, but a school could not say enrollment was closed. Member McCord asked if the school tracks the records it requests as a way to see where students are going once they leave NVVA. Mr. Gerhardt said they do track that information, and Ms. McIntosh added that many times the students did not have a learning coach or the program was too rigorous. Discussion continued between the Authority and representatives of NVVA. Director Gavin asked if NVVA had moved into the additional facility that had been approved at during the last amendment request. Ms. McIntosh said they had not moved in yet but hoped to be doing so soon. Director Gavin also asked if the school would be undergoing a fire drill at the facility they currently operate at. Ms. McIntosh said they would be doing a fire drill at the end of the week. Member Wahl asked if the school would have any financial issues since they had not reached their target enrollment. Ms. McIntosh said the school would be able to make its financial commitments and there would be no issues with the school financially.

Agenda Item 14 - Update regarding new Open Meeting Law provisions passed at the 2015 Legislative session

Deputy Attorney General Ott spoke about the changes that were made to the Open Meeting Law and how it would affect the Authority. He said it would affect the Authority very little, while Mr. Peltier would have a few additional items he would have to monitor.

Agenda Item 17 – Next Board Meeting

The Authority Board will meet October 26, 2015

Agenda Item 18 – Public Comment

There was no public comment in either Las Vegas or Carson City

Member Wahl called for a motion for adjournment.

Member McCord moved for adjournment. Member Luna seconded. There was no further discussion. The motion passed unanimously. Chair Conaboy was absent.

The meeting adjourned at 3:55 pm.

State Public Charter School Authority

Board Meeting

Carson City

9-28-2015

Name	Representing	Email Address for SPCSA List serve
Jim Endres	NUVA/K12, Inc	JENDRES@NUVAW.COM
Joe Thomas	NCA	jthomas@connectionseducation.com
Steve Werlein	NCA	SWERLEIN@connectionseducation.com
Lianne Zelen	SSCS	zelen@sscs.net
Tamara Winter	NCA	twinter@spcau.com
Beth/Kit Kotter	Silver State (C)	KKOTTER@SSCS.ORG
Krystal Hoefling	Silver State Charter	khoefling@sshs.org
J-Lynn Vanket	Honors Academy	WJLYNN@academyflit.org
Russell	SSCS	FRUSSELL@collisionscience.com
Donna Wix	NDE	

[illegible]

State Public Charter School Authority

Board Meeting

Las Vegas

9-28-2015

Name	Representing	Email Address for SPCSA List serve
BOONE CRATON	DOBAC ACADEMY	BOONE.CRATON@DOBAC.ACADEMY.ORG
Victoria Carreon	Guinn Center for Policy Priorities	vcarreone@guinncenter.org
Andrea Damore	Bacon Academy	andrea.damore@bacon.org
Teresa Barber	Guest Academy	t.barber@questiv.com
Danae Parra	Guest Academy	d.parra@questiv.com
Alto Roberson	Guest Prep Academy	d.roberson@questiv.com
Paul Alto	West Prep Academy	j.alto@questiv.com
Jamie Tondyk	Bacon Academy	jamie.tondyk@bacon.org
Caroline McIntosh	Norada Virtual Academy	cmcintosh@nvacademy.org

Shawn Erogan	Reacom Academy	
John Hawk	Nevada St. HS	jhawk@earlycollegewv.com
Trey Moreno	Founders Academy	
Graig Stevens	CSD	stevens@npsd.net
Rebecca Fingert	Academia	rebecca.fingert@academynv.com
Tegan Fingers	Academia	Tegan_Fingers@academynv.com
Colin Brughurst	Academia	colin.brughurst@academynv.com
Erica Andogata	CHSLV	ericaandogata@earlycollegewv.com
Michelle Hall	NCA	mhall@connectionseducation.com
Kymberle LeGron	Quest Academy	k.legron@questiv.com
Nick Sanson	Coral Academy	nick@corlacademy.org
Valerie Blake	Leadership Academy	
Mario Touchyama	Silver Sands Montessori	msmarto@silversandsmcs.org
Clinton Blount	Easthill High School	clintonblount2@gmail.com

VISITOR'S CARD

Nevada State Public Charter School Authority

Meeting

Welcome... PLEASE PRINT LEGIBLY all information in full that we may maintain accurate records.

Date 9-28

Name MRS. TERRY BARBER #1

Title DIR OF HUMAN RESOURCES

Address

Phone No.

Representing QUEST

Subject FORENSIC AUDIT

☒ I Request To Speak

☐ I am a scheduled speaker

☐ I am a visitor

VISITOR'S CARD

Nevada State Public Charter School Authority

Meeting

Welcome... PLEASE PRINT LEGIBLY all information in full so that we may maintain accurate records.

Date 9-28

Name DEB ROBERSON #3

Title ADMINISTRATOR

Address

Phone No.

Representing QUEST

Subject REQUEST OF SPECSA

☐ I Request To Speak

☐ I am a scheduled speaker

☐ I am a visitor

VISITOR'S CARD

Nevada State Public Charter School Authority

Meeting

Welcome... PLEASE PRINT LEGIBLY all information in full so that we may maintain accurate records.

Date 01/28/2015

Name Renee Fairless

Title Principal, Water Academy

Address 3445 Mt. Vista

Las Vegas 89121

Phone No. 702 985 2400

Representing Water Academy

Subject SPESA Support

- ☒ I Request To Speak
- ☐ I am a scheduled speaker
- ☒ I am a visitor

VISITOR'S CARD

Nevada State Public Charter School Authority

Meeting

Welcome... PLEASE PRINT LEGIBLY all information in full so that we may maintain accurate records.

Date 9/28/15

Name Mr. Boone Cream

Title DORAL ACADEMY BOARD CHAIR

Address 7871 SIREN LN, LAS VEGAS

Phone No. 702-285-7857

Representing DORAL ACADEMY

Subject CHARTER SCHOOL EXPANSION

- ☒ I Request To Speak
- ☐ I am a scheduled speaker
- ☐ I am a visitor

VISITOR'S
Nevada State Public Charter School Authority

Meeting

Welcome... PLEASE PRINT LEGIBLY all information in full so that we may maintain accurate records.

Date 9-28

Name JENNIFER ANLAGE #2

Title BOARD VICE CHAIR

Address _____

Phone No. _____

Representing QUEST

Subject BOARD ACTIONS

- ☐ I Request To Speak
☐ I am a scheduled speaker
☐ I am a visitor

VISITOR'S CARD
Nevada State Public Charter School Authority

Meeting

Welcome... PLEASE PRINT LEGIBLY all information in full so that we may maintain accurate records.

Date 9/28/2015

Name John Hawk

Title Chief Operations Officer

Address 233 N. Stephanie St.

Henderson NV 89044

Phone No. 702-332-2593

Representing Alleg. St. HS.

Subject Item 5 pg 34.

- ☒ I Request To Speak
☐ I am a scheduled speaker
☒ I am a visitor

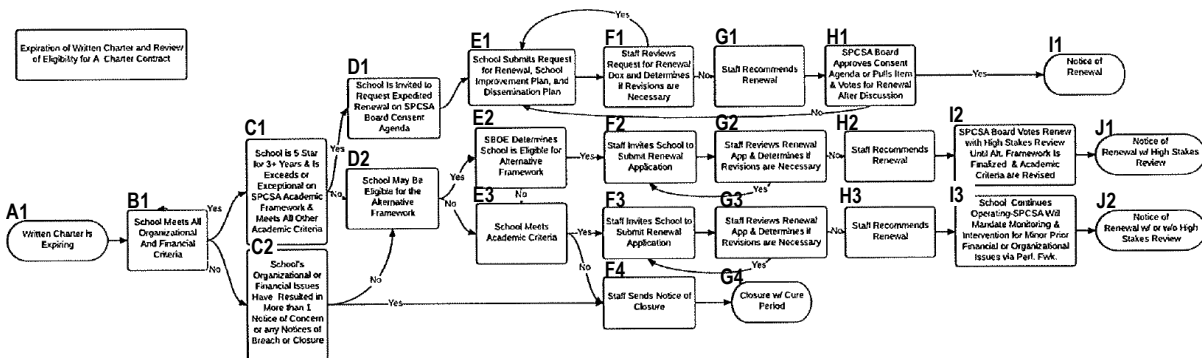
NEVADA State High School

September 28, 2015

Mr. Patrick Gavin, Executive Director
State Public Charter School Authority
1749 N Stewart Street; Ste 40
Carson City, NV 89706-2575

Dear Mr. Gavin:

Nevada State High School is offering the following comments and recommendations regarding item 5 on the agenda for the State Public Charter School Authority meeting for M: 9/28/2015. Specifically, numbered page 36 of the Authority's final support documents regarding *Recommended Business Processes: Renewal of Written Charter* that is accompanied by the following flowchart (see below).



General support comments related to the flowchart above and information on page 36 including:

1. Expedited renewal will incentivize all schools to perform better on the expectations of the Authority;
2. Expedited renewal will allow more time for schools to spend with students and families;
3. Expedited renewal will provide time for Authority staff to work on projects with highest priority;
4. Allowing schools to supplant their previous charter application with a new, streamlined document during an annual non-material revision period is an excellent suggestion.

Nevada State High School supports an expedited renewal and offers the following **recommendations** to the Authority specifically based on the numbered flowchart above before final action including:

1. Box C1: Consider wording that will allow for future changes to the framework and accountability systems "~~School is 5 Star for 3+ Years & Is Exceeds or Exceptional on SPCSA Academic Framework & Meets All Other Academic Criteria~~" **School shows 3+ years of exceeding sponsors performance framework outcomes and state measures of accountability**
2. Box D1: School is invited to Request Expedited Renewal on SPCSA Board Consent Agenda **or a school may submit a letter of interest followed by an invitation by SPCSA for Expedited Renewal.**
3. Box E1: School Submits Request for Renewal, School Improvement Plan, and ~~Dissemination Plan~~ Highlight Areas of Best Practice to Disseminate.

Regards,

Dr. John Hawk, Chief Operations Officer

Amendment Modifying Mission, Vision, and Programming

Silver State Charter Schools, September 28, 2015

Good afternoon. I am Dr. Kit Kotler, the new Executive Director, Academics, at SSCS. I hold a Masters in Teaching and Learning and a Doctorate in Education Administration. My area of expertise is in curriculum and instruction, specifically in school turnaround, and particularly in urban student achievement.

-In Detroit, our school won the Governor's Award for Academic Achievement when the plan I devised for increasing urban student achievement started at 22% proficient and grew to above 75% proficient in all grades and subjects tested, within three years' time.

-In Toledo, I turned around a High School Drop Out Prevention and Recovery School to the extent that their Performance Index (measuring Math and ELA improvement) increased by 12 points in less than 1 year. Meanwhile, across the nation the performance index increased during the same time period by only 1.5%---a huge difference.

-In May of this year I asked God/the Universal Force/Allah, or whatever term one prefers to use to send me to the school that needed me most---anywhere in the country. So....here I am at Silver State Charter Schools.

-Let me tell you what I know about Silver State Charter Schools in the five weeks I've been with the school:

- It is the oldest charter school in the state. SSCS opened in 2004.
- It is, I believe, the only charter school that busses students to and from school across several counties
- Our teacher to student ratio is 1:8-probably the best ratio in the state
- Many of our students graduate early which shows as a "drop out" under current report card statistics
- Our governing board has completely changed over in the past year. There is only one board member with more than one year's experience
- The administration of the school has completely changed over the past two months, giving much opportunity for growth and improvement

- We have some of the most talented teachers I have ever seen in my 30 years in the field.

-Let me tell you what I've heard about Silver State Charter Schools in the five short weeks I've been here:

- It consistently underperforms
- They have been allowed to run things into the ground for the past twelve years
- They are going to be closed

-Being a researcher by nature and occupation, I decided to look into the allegations myself, using two sources: The 2013-2014 Nevada Report Card and our 2014 Accreditation Report. Here's what I found (and this does relate directly to our request for the three amendments proposed, so thank you for your patience):

- Our special education population, at 23%, is more than twice as high as the state's rate of 11.50%
- Our transiency rate of 70% is over 2 times that of the state's rate of only 27%.
- Our credit deficiency rate is 16 times higher than the state's rate in 9th grade and considerably higher than the state in grades 10, 11, and 12. This tells me that the achievement problem among our students started long ago, in traditional public schools-not as a result of attending our charter school.
- Yes, our graduation rate is considerably lower than that of the state due to the high number of "at risk" students we serve, although 90% of our students graduate with a standard diploma vs. the state rate of only 63%.

In terms of standards-based test performance...

- In Reading, the state showed 14% of students exceeding standards; our rate in the same category is only one point lower, at 13% of students exceeding Reading standards.

- In Writing, the state showed 3% of students exceeding standards; again, we showed just one point less at 2% of students exceeding standards.
- In Mathematics, we exceeded the state in meeting standards at 58% as compared to 54%.
- In Science, we met the identical rate as the state at 70% of students meeting standards.

So, rather than consistently labeling Silver State Charter Schools as “persistently underperforming” as I have heard from your organization on several occasions and as is indicated on the recommendation to the board on page 116 of the support documents, perhaps the facts could be considered. The facts support our allegation that we score as well as the state, in spite of the fact that we have twice the special education population as the state, twice their transient rate, and 16 times the state’s credit deficiency rate at 9th grade.

The facts support our allegation that Silver State Charter Schools manages to score relatively equivalent to the state academically, despite spending nearly \$2,000 less per pupil and with 90% of our students earning a standard high school diploma vs. the state’s rate of only 63%.

Finally, Nevada’s “star system” allots thirty points (almost a third of total points available) to “student growth,” yet neither of the two supposed measures of student growth listed are nationally accepted or research-based and approved methods of actually measuring student growth. Three methods are nationally accepted and research-based: Student Growth Percentiles, Student Learning Objectives, and Value Added Measurements (Sanders & Rivers, 1996; Sherrer, 2011; Stronge, 2010; American Institutes of Research, 2014 & 2015; Silver State Charter Schools will pilot Student Learning Objectives in Term 2, beginning in mid-October. When you consider closing charter schools, please be very careful that the data you are relying on to make these decisions is both reliable and accurate. I submit that both are questionable at the present time. Your decisions can hurt children, as well as help them. Please be so very careful.

In terms of Mr. Gavin's admirable goal to possess only a portfolio of "high performing charter schools" the reality is that the state's demographics prohibit a majority of school's (state or charter) from being categorized as "high performing" at this point in time. It will take a deep understanding of the challenges faced by Nevada's students-and a willingness to tackle those challenges with creativity and a sense of camaraderie around the state-among NDE, authorizers, the Governor's office, SPCSA, and others to resolve these issues. Rather than closing schools (unless you plan to close all of the state's schools that are scoring at the equivalent of SSCS), then my suggestion is that we all collaborate to solve problems, rather than punishing students who are at-risk and/or alternative students-which could reasonably be interpreted as discrimination.

Last summer you approved an amendment permitting our teachers to work four nine-hour days. Upon my arrival, I noted the schedule to be that on Mondays, although teachers were on site, they were not scheduled to teach any classes; students were required to attend one half day on either Tuesday, Wednesday, or Thursday. The teachers take every Friday off. This is not conducive to improving student achievement. For reasons already stated in the support documents I have written, I am requesting that we be permitted to open the school Mondays through Fridays for instruction and student support, teacher training, etc. Our improved programming will permit us to immediately diagnose deficiencies in mathematics and reading and provide content to bring student's up to grade level. It also allows low readers to have text read to them that they cannot read for themselves. These are among the improvements we will make this year, if approved. We have also joined Western Nevada College's "Jump Start" program so our eligible students can graduate with a two-year college associate's degree as well as a high school diploma.

Rather than this being a "last ditch" effort to improve scores among a majority "at risk" population (as is suggested in your support documents), it is a continuation of an observation-research-planning-and modification of programming-system that I am employing to better meet student learning needs.

In addition, our original mission and vision statements stated that we primarily serve "at risk" and "alternative" education students. My understanding is that we were "talked out of" leaving those items in and they were stricken from the statements. We have thus revised our mission and vision statements. The approved mission statement, as you show it in your support documents, may be incorrect if it is not reflective of the approved minutes. It should read:

Member Pilant made a motion to approve the minutes of September 8, 2015 with an amendment to the mission statement to satisfy NRS 386.520 (4)(b) such that the mission statement reads: *"Silver State Charter Schools promotes a safe, supportive, alternative learning environment to support the unique needs of our students for the purpose of improving the academic achievement of at risk and general education pupils."* Member Geary seconded the motion. There was no further discussion by the public or board. The motion passed unanimously. (9-16-15 Approval of Minutes of 9-8-15).

The vision statement is designed to be measurable and describes our beliefs.
Thank you for considering our three amendments.



STATE PUBLIC CHARTER SCHOOL AUTHORITY

**1749 North Stewart Street Suite 40
Carson City, Nevada 89706-2543
(775) 687 - 9174 • Fax: (775) 687 - 9113**

BRIEFING MEMORANDUM

TO: SPCSA Board
FROM: Patrick Gavin
SUBJECT: Silver State Forensic Audit
DATE: October 22, 2015

Based on the information provided in the attached documents, staff recommends that the board make the following resolution regarding Silver State Charter School:

- 1) The audit has revealed 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)).
- 2) The audit has revealed that the school has invested public funds in a high risk financial instrument, namely a derivatives contract, with Bank of America. This is a violation of NAC 387.565, which mandates that all school funds be appropriately insured. While Bank of America is an FDIC member, derivatives contracts are not insured by the FDIC or any other insurer approved by the State of Nevada. Consequently, the school failed to comply with the provisions of [NRS 386.490](#) to [386.649](#), inclusive, and other statutes or regulations applicable to charter school ((NRS 386.535(1)(a)(3))).
- 3) Because the school has engaged in activities which are grounds for revocation of the written charter pursuant to NRS 386.535, I move that SPCSA staff issue a Notice of Closure to Silver State Charter School.
- 4) Pursuant to NRS 386.535, the school has at least 30 days within which to take corrective actions. The first day of this "cure period" is October 27, 2015. The date by which the school must have completed all efforts to cure these deficiencies is November 27, 2015.
- 5) Staff are directed to schedule a public hearing at the December 4, 2015 SPCSA Board meeting during which the Board will determine whether the charter school has corrected the deficiencies identified in this resolution and the forensic audit and whether to revoke the charter for Silver State Charter School. Such revocation, if approved by the SPCSA Board, would be effective at the end of the 2015-16 academic year.

Forensic Analysis

Silver State Charter Schools

Silver State Charter Schools

Accounting System “Glitch”

Observation



There was a discrepancy between the balances reported in Silver State Charter Schools’ bank accounts and the amounts reflected in the accounting system. According to Kellie Grahmann, the inaccurate financial reports were due to “glitches” in the Cougar Mountain Accounting System.

Key Findings

- Majority of the Governing Body minutes for calendar year 2013 and 2014 had a discussion related to financials – most of these minutes expressed concern around the accuracy of the financials compiled by Kellie Grahmann.
- According to Kellie Grahmann, there were issues experienced with the system right from the time it was purchased on October 17, 2012.
- According to Kellie Grahmann, the following were the four main issues with the software: 1). Credit entry being made twice, which would cause the transaction not to balance 2). Issue with discounts 3). Payments to AMEX would not show as “paid” in the system and Credit Card was not posting to the G/L.
- According to Zeth Macy, Partner at Schettler Macy & Associates, the accounting system did not appear to function properly and due to that, the audit was inefficient and required additional effort. The 2013-2014 Annual Independent Audit, issued October 27, 2014, has no notes related to the inefficiency experienced during the audit due to the accounting system “glitches”. According to the “Management Letter Comments” document (from the auditors) dated June 30, 2014, “During the audit, we observed instances where the accounting software currently being used by the School does not function properly.
- According to an interview conducted with Jonathan Steele (CPA), former Governing Body member for Silver State Charter Schools, reports were often presented in excel and would not corroborate with the information in Cougar Mountain. “The variance was always blamed on the glitches in the accounting system.” According to Kellie Grahmann, Jonathan Steele did not understand Fund Accounting.
- At one point, starting from the August 19, 2014, Governing Body meeting, Kellie Grahmann was asked not to speak during the Governing Body meetings as the financial officer.
- According to the September 16, 2014, Governing Body minutes, Daniel Leck wanted an accounting firm to complete a forensic audit to clarify the finances. In the October 14, 2014, Governing Body meeting, approval of the forensic audit was met with disagreements.
- In January 2015, Silver State Charter Schools transitioned to a new software. According to Kellie Grahmann, there are no issues with new software. It took a year to a year and a half to change the software because Steve Knight, then Superintendent of Silver State Charter Schools was watching the money and the budget.

¹This document is subject to the confidentiality provisions of Nevada Law, including but not limited to NRS 179A.070(2), Donrey of Nevada v. Bradshaw, 106 Nev. 630, and 83 Op. Atty General No. 3.

Silver State Charter Schools

Kellie Grahmann

Observation



Kellie Grahmann, current Executive Director of Administration of Silver State Charter Schools experienced scrutiny from the Governing Body of Silver State Charter Schools for not providing accurate monthly financials, which according to Kellie Grahmann were allegedly due to accounting software “glitches”.

Key Findings

- The following are responses from Cougar Mountain representative, Kevin Winston, to write an email for the Governing Body that he is working with Kellie Grahmann to correct the system issues and asked him to “make it so it is not totally my fault so I don’t look too bad”.
 - “...In the past **the credit card procedures were not being done correctly** and needs to be cleaned up. Ms. Grahmann **now knows the proper way of processing credit cards as payments**. She also is very aware of the “out of balance” closing of the last year end (F-2011). This also has been corrected...”
- On July 21, 2015, the Governing Body voted to employ Kellie Grahmann as the Executive Director of Administration of Silver State Charter Schools.
 - According to the Governing Body minutes, President Edith Grub announced that more than fifty applications were received for the two Executive Director positions, but 50% of the applicants did not meet the minimum requirements for the position.
 - Cristina Saenz, Governing Body Member of Silver State Charter Schools, and Kellie Grahmann were selected to interview for the Executive Director of Administration position.
 - According to Edith Grub, in a follow-up interview with Kellie Grahmann and Edith Grub, Kellie was the best choice for the Executive Director of Administration role because she was already familiar with the finances.

Silver State Charter Schools

Edith Grub

Observation



There were complaints from past Governing Body members that Edith Grub failed to properly address the financial issues and appointed members to the Governing Body who would support Edith Grub and Stephen Knight, then Superintendent of Silver State Charter Schools, and their direction for Silver State Charter Schools.

Key Findings

- Edith Grub was friends with the Stephen and Patty Knight and they had proposed that she join the Silver State Charter Schools Governing Body.
- According to Jonathan Steele, former Governing Body member of Silver State Charter Schools, Edith Grub convinced the Governing Body into allowing Stephen Knight to be rehired for the 2014 – 2015 school year after retiring at the close of the 2013 – 2014 school year. **Edith Grub and Stephen Knight continued to work together**, using the restrictive open meeting laws to their advantage by restricting agenda items at the Governing Body meetings.
 - According to the resignation letter of Jonathan Steele, “During the August 19, 2014 meeting, the Superintendent reported there was \$1,297,191 in cash from various checking accounts, as of July 31, 2014 Balance Sheet. However, when documentation was received later the following week, there was only \$934,634. As of this writing, no explanation has been given, despite the Body’s request. **You, as President of the board, the Superintendent, and Financial Officer stopped every attempt to discuss the matter in the following meeting on September 16, 2014 meeting.**”
- According to Daniel Leck, former Governing Body member of Silver State Charter Schools, the President, Edith Grub, and the (former) Superintendent, Stephen Knight, “**ran the body**”, and the direction in which they were running the School caused the hostile environment. In order to change anything, they needed four votes, but the majority of the Governing Body was beholden to the Superintendent. If one were to challenge the Governing Body, it would turn “**nasty**”.
- According to the resignation letter of Daniel Leck, “This school if it is to remain open is in **dire need of new leadership**. The board is directly responsible for the decline in the school’s education along with numerous other checks and balances that have also failed.”

Silver State Charter Schools

Derivative

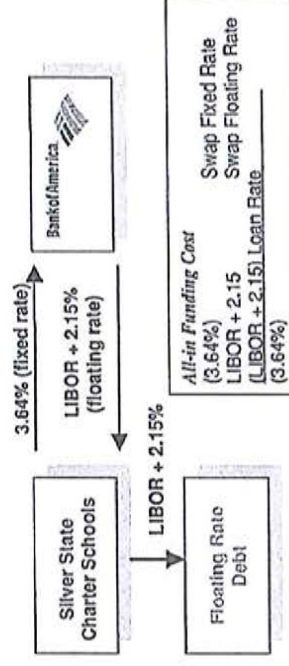
Observation



Silver State Charter Schools entered into a floating rate loan with Bank of America, N.A. for \$3.125 million and an interest rate swap in order to hedge the exposure created by the variable interest rate, and synthetically fix the loan interest rate at 3.59%.

Key Findings

- Silver State Charter Schools entered into a Real Estate Loan Agreement for \$3,125,000. The interest rate is a rate per year equal to the British Bankers Association **LIBOR Rate** ("BBA LIBOR Rate") (Adjusted Periodically) plus **2.15 percentage points**. The loan fee associated with the Real Estate loan was agreed upon at \$75,000.00.



- According to Kellie Grahmann, she did not believe **"the banker understood the strategy any more than she did at the time"**.
- During the review period, July 1, 2013 to June 30, 2015, Silver State Charter Schools' Interest Rate Swap payment ranged from \$2,816.00 (due 3/2/2015) to \$3,421.46 (due 9/3/2013).
- According to Note 7 – Derivative Instrument to the 2013-2014 Annual Independent Audit, issued October 27, 2014, the school entered into an interest rate swap agreement. The objective of the interest rate swap was "to lower its borrowing cost and increase its savings, compared to interest rates on fixed rate notes, the School entered into a loan with a variable interest rate and simultaneously entered into an interest rate swap to serve as a hedge against swings in the cash flows that would be required for the loan. The School's objective for entering into the swap was to effectively change its variable interest note to a **synthetic fixed rate note at 3.59%."**

²This document is subject to the confidentiality provisions of Nevada Law, including but not limited NRS 179A.070(2), Donrey of Nevada v. Bradshaw, 106 Nev. 530, and 83 Op. Att'y General No. 3.

Nevada State Public Charter School Authority



Final Summary for Silver State Charter Schools

October 21, 2015

"This document is subject to the confidentiality provisions of Nevada Law, including but not limited NRS 179A.070(2), Donrey of Nevada v. Bradshaw, 106 Nev. 630, and 83 Op. Att'y General No. 3."

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

Observation: Accounting System – Cougar Mountain

According to the Breach letter dated December 12, 2014, issued by the State Public Charter School Authority (SPCSA) to Silver State Charter Schools, there was a “*significant discrepancy*” between the balances reported in Silver State Charter Schools’ bank accounts and the amounts reflected in the accounting system. In addition, former Governing Body members expressed concern to the SPCSA about the financial officer because they believed inaccurate financial reports were provided to the Governing Body and the financial officer was using the accounting system as an excuse.

Investigative Procedures Performed

During the investigation, information was collected from the following sources to determine if there were issues with the accounting system Cougar Mountain¹.

Source #	Document
A-1	Notice of Breach Letter, dated December 12, 2014 from State Public Charter School Authority
A-2	Cougar Mountain support service log, dated June 18, 2014
A-3	Response to Jonathan Steele’s resignation letter provided by Kellie Grahmann on September 25, 2015
A-4	Email dated October 7, 2015 from Kellie Grahmann
A-5	July 31, 2014 bank statements (nine accounts)
SS-2	Bylaws of Silver State Charter Schools, As amended by the Governing Body on October 12, 2011
SS-3	2013-2014 Annual Independent Audit, issued October 27, 2014
SS-4	Email chain, ranging from May 15, 2014 to June 13, 2014 between Kellie Grahmann and Kevin Winston from Cougar Mountain
SS-5	Resignation from Governing Body Letter from Jonathan Steele, dated September 25, 2014
I-2	Interview on July 21, 2015 with Kellie Grahmann
I-3	Interview on July 27, 2015 with Jonathan Steele
I-4	Interview on July 27, 2015 with Zeth Macy
I-5	Interview on September 8, 2015 with Daniel Leck
I-8	Interview on September 28, 2015 with Kellie Grahmann and Edith Grub

Preliminary/Initial Findings

According to the Governing Body minutes from 2013 and 2014, the Governing Body members were

¹ Silver State Charter Schools used Cougar Mountain software until October 2012 and then changed their software to Denali Fund Accounting, which was also owned by Cougar Mountain. For the purposes of this report, the software will be referred to as “Cougar Mountain”.

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

concerned that the financials were not being reported accurately and did not seem to believe that the accounting system was the cause of the issue.

Findings from Interviews

According to an interview conducted with Daniel Leck, former Governing Body member for Silver State Charter Schools, on September 8, 2015, the Governing Body “had no confidence in Kellie Grahmann.” At one point, starting from the August 19, 2014 Governing Body meeting, Kellie Grahmann was asked not to speak during the Governing Body meetings as the financial officer. According to Daniel Leck, at one of the Governing Body meetings, “the Auditors were present and were asked, how do we know if someone is stealing? The answer was, unless, it is so blatant that a blind person can spot it, we won’t know – if you need more details you would need to hire someone to do a forensic audit.”

According to an interview conducted with Jonathan Steele, former Governing Body member for Silver State Charter Schools, on July 27, 2015, reports were often presented in excel and would not match with the information in Cougar Mountain. Jonathan Steele explained that Kellie Grahmann would always blame the variance on the “glitches” in the accounting system. Additionally, Jonathan Steele “called Cougar Mountain and they could not explain any issues that Kellie Grahmann claimed to be having”.

According to Jonathan Steele, “the accounting issues go back prior to the reported accounting glitch.”

According to interviews conducted with Kellie Grahmann, Executive Director of Administration for Silver State Charter Schools, on July 21, 2015 and September 28, 2015:

- The discrepancy between the balances reported in Silver State Charter Schools’ bank accounts and the amounts reflected in the accounting system were due to the Cougar Mountain system “glitch”.
- The system experienced issues since its purchase and implementation on October 17, 2012.
- After the software was purchased, Kellie Grahmann was scheduled to attend a week long training in Boise, Idaho. The training was cancelled, but representatives from Cougar Mountain arranged a week long training session for her and she got their “undivided attention”. During the course of this training, Cougar Mountain representatives went over several different modules. Kellie Grahmann did not receive a certificate for this training.
- The following were the issues experienced with Cougar Mountain² (please refer to Appendix A for details related to these issues provided by Kellie Grahmann):
 - When a credit was entered, it would not balance the transaction because the system would put in the credit twice. Cougar Mountain had to fix this issue on the backend to clean it up because Kellie Grahmann did not have a way to do this.
 - On the invoices, there was an issue with the discounts – the discount would show up on the credit side.
 - Payments to American Express would show up as “not paid” in Cougar Mountain even though the bank statements showed them as paid. Kellie Grahmann, got in touch with Tech support of Cougar Mountain and they would help on the backend and would mark Amex as being paid. This issue occurred several times.

² Access to the Cougar Mountain system was not available to replicate the alleged issues and identify the defect.

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- Credit card payments not posting to the G/L. This issue was never fixed and Kellie Grahmann had to perform manual reconciliation to address this alleged glitch.
- The alleged “glitch” was never fully fixed – from 2012 to January 2015, when the new software was implemented, she had to perform manual reconciliations and at times representatives from Cougar Mountain had to fix the issues on the backend, when she could not fix them on her own. According to Kellie Grahmann, she has all the work papers to support the adjustments and manual reconciliations performed.
- The financial reports were submitted to the Governing Body on a monthly basis and due to the alleged accounting system glitches those reports did not balance. Because of this the Governing Body had a lot of issues with Kellie Grahmann:
 - Due to financials not balancing, “I was getting raked over the coals and it didn’t matter what I did – the board was not willing to listen.”
 - According to Kellie Grahmann, Jonathan Steele³, former Governing Body member of Silver State Charter Schools, did not understand fund accounting. Kellie Grahmann brought in Charles Morrison, a Certified Public Account who had performed the Independent Audit for Silver State Charter Schools in the past, to talk about fund accounting at a Governing Body meeting, but Jonathan Steele was not present at that meeting. Prior to joining Silver State Charter Schools, Kellie Grahmann had no work experience in fund accounting. She had taken a fund accounting class in college.
 - Kellie Grahmann invited Jonathan Steele several times to come to Silver State Charter Schools’ business office to see the problems that Kellie Grahmann was experiencing with the system, but Jonathan Steele never came to the business office.
 - Not all revenues came in every month and the reports from Cougar Mountain did not show line items that were zero for the month. Because Kellie Grahmann did not show the zero line items in the financials to the Governing Body, that was one of the issues.
- In January 2015, Silver State Charter Schools transitioned to a new software. It took a year to a year and one-half to change the software because Stephen Knight, then Superintendent of Silver State Charter Schools was watching the money and the budget. Before selecting the new software, Kellie Grahmann made a list of recommendations in April 2014 and presented it to Stephen Knight and Blaine Spires, then Principal of Silver State Charter Schools. Stephen Knight, approved the switch to the new software and gave Kellie Grahmann the authority to select the software. There are no issues with new software.
- Detailed transactions from Cougar Mountain were not transferred – only the ending balances were transferred over to the new system. Kellie Grahmann still has access to Cougar Mountain, in case she needs to look at the detailed history of old transactions.

The September 28, 2015, follow-up phone interview was scheduled solely with Kellie Grahmann. Edith Grub was also present during the interview.

According to an interview conducted with Zeth Macy, Partner at Schettler Macy & Associates, on July 27,

³ Jonathan Steele is a Certified Public Accountant.

Nevada State Public Charter School Authority

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2015:

- The accounting system did not appear to function properly.
- The sub-ledgers and reports pulled would not tie to the General Ledger.
- Zeth Macy sat down with Kellie Grahmann and saw firsthand the issues Kellie Grahmann experienced with the accounting system.
- Kellie Grahmann was able to replicate the issues she was having for Zeth Macy⁴, such as, posts of one sided entries and posts to the credit card account, which would not relieve the credit card liability.
- Technical support for the accounting system would provide Kellie Grahmann with work around to fix the issues she was having, but the overall problem was never fixed.
- Kellie Grahmann was met with resistance from the Governing Body when she wanted to change the software because some members believed she was purposely giving reports late or falsifying the financial information. According to Zeth Macy, Kellie Grahmann would typically have to dump the data into excel and manipulate it in order for it to balance properly.
- Zeth Macy ensured the financials were presented accurately in the financial statements by reviewing the supporting documentation. Ultimately, the general ledger presented accurate information; only the sub-ledgers were not presenting the numbers accurately.
 - Zeth Macy and his team looked for alternative reports in order to get the details to tie the numbers back.
 - Due to the accounting system issue, the audit was inefficient and took additional effort.
 - Zeth Macy went through and reviewed each individual journal entry for the year in order to ensure there was a business rationale for each entry and that the entries were not erroneously posted.

Findings from Documents Read

- According to an email chain, ranging from May 15, 2014 to June 13, 2014 between Kellie Grahmann and Kevin Winston from Cougar Mountain, Kellie Grahmann was working with Cougar Mountain to address the Governing Body's concerns regarding the financials:
 - On May 15, 2014, Kellie Grahmann sent the following message to Kevin Winston: "Could you write me something for our board that tells that we are working on the program to get it to where it is correct. Our meeting is Tuesday and they are not going to be happy about the financials and I do not want to give them reports that are not correct. Can you make it so it is not totally my fault so I don't look too bad"
 - On May 16, 2014, Kevin Winston responded as follows: "Ms. Grahmann and I are working on rebalancing the Trial Balance, the balance sheet, and the correct figures you need for reporting. In the past the credit card procedures were not being done correctly and needs to be cleaned up. Ms. Grahmann now knows the proper way of processing credit cards as payments. She also is very aware of the "out of balance" closing of the last year end (F-2011). This also has been corrected. We have just 2 more modules to correct and made sure the figures given are the correct one and that the detail matches with the reporting figures. The concern we had was the amounts from the credit cards were not being

⁴ Schettler Macy & Associates was retained to perform the Annual Independent Audit for Fiscal years 2013 and 2014.

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eliminated by payments, and you were showing much more on the trial balance as liabilities than you had. Ms. Grahmann is almost done, but not in time for the next meeting.”

- On June 5, 2014, Kellie Grahmann sent the following message to Kevin Winston: “I talked to Steve and he would like you to write another letter to the board. The board is under the impression that I do not know how to run the software and that I have not had enough training. He would like the letter to show that the problem was with the software and not me, and that I knew what I was doing and I had been sufficiently trained. He would like it made clear to the board the true problem and would like me to be able to receive a big apology from the board. I have been dealing with this problem since we implemented it two years ago. I have on several occasions called for help on this particular problem many times. I have shown the problem to different people and they would say they would get back to me with a fix and never did. It is not until you and I went through each module where the problem became apparent to you and others at Cougar Mountain. This had caused me a lot of trouble with the school board, it has caused increased anxiety, as to my competence and qualifications for my job.”
- On June 12, 2014, Kellie Grahmann sent the following message to Kevin Winston: “is it possible to get that letter next week for the board? And also the times we have worked with Cougar Mountain?”
- On June 13, 2014, Kevin Winston responded as follows: “This is to inform you about where we are on getting the YTD information in the system correctly and to report it to you. I thought we would be done with the AP by now but, Kellie found a mistake and we here at Cougar are trying to correct a calculation that is not being done. Seems that paying by credit card is NOT posting to GL at all? We discovered this and Cougar is in the process of correction on this. I am not a tech person and cannot in all honesty tell you the time period of correction. In the meantime Kellie does know how to “pay” the invoice by her using the correct procedure and can post it correct and manually make journal entries. Thank you for your patience on this matter.”
- A Cougar Mountain support service log, dated June 18, 2014, was provided by Kellie Grahmann, which shows the dates on which the Cougar Mountain support service was used and also provides the support specialist name and the time spent on the issue. The support service log ranges from April 13, 2011 to June 12, 2014.
- According to Jonathan Steele’s resignation letter, dated September 24, 2014, Jonathan Steele resigned due to a lack of action taking place on recommended changes. According to the resignation letter, Jonathan Steele cited the August and September Governing Body meetings, “During the August 19, 2014 meeting, the Superintendent reported there was \$1,297,191 in cash from various checking accounts, as of July 31, 2014 Balance Sheet. However, when documentation was received later the following week, there was only \$934,634.”
 - According to July 31, 2014 bank statements provided by Kellie Grahmann, the total ending balance was \$1,141,091.03
 - On September 25, 2015, Kellie Grahmann, provided a response to the above concern as follows:

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

- “This was the month that I was no longer permitted to talk at the board meetings. Steve had asked in the meeting for me to talk and it was denied.
- The Board had questions for Steve that he could not answer off the cuff. If I could have answered the questions, I could have cleared up some of the problems.
- The Board minutes state that we got \$3,000 per month for DSA that should have been almost \$300,000”
 - Jonathan Steele said we have 9 bank accounts and only received 5 bank statements, this was because the general account bank statement always came in the middle of the month, two of our bank accounts were Savings and we only got those quarterly.
 - Jonathan Steele also wanted to know why I had written checks on the Student account in July. They were deposits not checks on the bank statement.
 - I had several times before tried to point out that the errors on Denali were affecting the outcome of the financials. There has never been any money that is missing that is not accounted for by either a check or EFT from the bank. The Governing Board received the bank statements along with the checks written.”
- According to the September 16, 2014, Governing Body minutes, Daniel Leck “wanted an outside accounting firm to complete a forensic audit to clarify the finances at the request of legal counsel because they don't know where the money has gone over the last few years, specifically the last 18 months”. According to the October 14, 2014, Governing Body minutes, approval of the forensic audit was met with disagreements.
- According to Zeth Macy, due to the accounting system issue, the audit was inefficient and required additional effort. The 2013-2014 Annual Independent Audit, issued October 27, 2014, has no notes related to the inefficiency experienced during the audit due to the accounting system “glitches”. In the “Management Letter Comments” document, (from the auditors) dated June 30, 2014, the following observation is mentioned regarding the Accounting software, “During the audit, we observed instances where the accounting software currently being used by the School does not function properly. As part of our procedures we request certain subsidiary ledger reports generated by the software and we noted such reports did not agree to the general ledger control accounts. Support personnel from the software vendor were contacted and could not determine the root cause of the problem.” Additionally, according to the “Management Letter Comments” document, it was recommended “that management and the Board select a software program developed by a reputable vendor that functions properly and can be used to produce accurate reports. Functioning accounting software is vital to a school’s ability to make appropriate financial decisions based on accurate information.”
- According to the Breach letter dated December 12, 2014, issued by the Statue Public Charter School Authority, “there is a significant discrepancy between the balances reported in the school’s bank accounts and the amounts reflected in the school’s accounting system.”
- Majority of the Governing Body minutes for calendar year 2013 and 2014 had a discussion related to financials – most of these minutes expressed concerned around the accuracy of the financials compiled by Kellie Grahmann.

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APPENDIX A – Alleged Issues with Cougar Mountain Software

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

Issue #1

1st page the fast glass invoice 7568 (Sam had done the invoice)

Denali had put the transactions into the General Office Account and Accounts Payable Account Pages 14 & 15 of

This invoice was paid by the American Express Card and page 27 shows what Denali did to the payment

The $17.99 + 4.40 = 22.39$

There was no Debit of the 4.40 and the 5.60 which equaled 10.00 only on the Credit side.

Batch AAALV was used to fix the out of balance to the financials, The first Journal entry is the 10.00 to the Credit side

Silver State Charter Schools
788 Fairview Dr.
Carson City, NV 89701
Phone: (775) 883-7900 Fax: (775) 883-9130

Purchase Order

Purchase Order No. 7568

Vendor Number 001

Vendor Ph/Fax:

To OFFICE DEPOT

Ship to Silver State Charter Schools
788 Fairview Dr.
Carson City, NV 89701

PO Date 06/10/2014 Ship Via F.O.B. Terms AMEX 2118

Buyer Name	Freight Type	Expected Date	Vendor Contact	Remarks	Tax
Buyer	Prepaid	06/10/2014		Office	0.00%

Quantity	Vendor Stock #	Description	Unit Cost	Extended
0.8000		Folder, Class, 2 dividers	\$49.9900	\$39.99
0.2000		Folder, Class, 2 dividers	\$49.9900	\$10.00
0.8000		Purple Labels	\$27.9900	\$22.39
0.2000		Purple labels	\$27.9900	\$5.60

This invoice was put into the System.

Sub Total	\$77.98
Discount	0.00
Freight	0.00
Sales Tax	0.00
Total	\$77.98

Authorized Signature: _____

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06/10/2014	100-2013100-100-2710-626310000	N KJG	PO -0000000174 - AAAAGU	26.56	
Tran #:	2	Line: 0	Description: C20/130209		
06/10/2014	100-2013100-100-2710-626310000	N KJG	PO -0000000174 - AAAAGU	23.28	
Tran #:	2	Line: 0	Description: C20/130209		
06/10/2014	100-2013100-100-2710-626310000	N KJG	PO -0000000174 - AAAAGU	12.90	
Tran #:	2	Line: 0	Description: C20/130209		
06/10/2014	100-2013100-100-2710-626310000	N KJG	PO -0000000174 - AAAAGU	31.91	
Tran #:	2	Line: 0	Description: C20/130209		
06/10/2014	100-2013100-100-2710-626320000	H KJG	PO -0000000174 - AAAAGU	171.12	
Tran #:	2	Line: 0	Description: C20/130209		
06/10/2014	100-2013100-100-2710-626320000	H KJG	PO -0000000174 - AAAAGU	185.32	
Tran #:	2	Line: 0	Description: C20/130209		
06/10/2014	100-2013100-100-2710-626320000	H KJG	PO -0000000174 - AAAAGU	106.26	
Tran #:	2	Line: 0	Description: C20/130209		
06/10/2014	100-2013100-100-2710-626320000	H KJG	PO -0000000174 - AAAAGU	93.12	
Tran #:	2	Line: 0	Description: C20/130209		
06/10/2014	100-2013100-100-2710-626320000	H KJG	PO -0000000174 - AAAAGU	51.61	
Tran #:	2	Line: 0	Description: C20/130209		
06/10/2014	100-2013100-100-2710-626320000	H KJG	PO -0000000174 - AAAAGU	127.66	
Tran #:	2	Line: 0	Description: C20/130209		
06/10/2014	100-0003110-000-2490-800300000	G KJG	PO -0000000174 - AAAAGU	346.00	
Tran #:	13	Line: 0	Description: C32/7078/7079/7080		
06/10/2014	100-0003110-000-2490-800300000	G KJG	PO -0000000174 - AAAAGU	18.00	
Tran #:	13	Line: 0	Description: C32/7078/7079/7080		
06/10/2014	100-2010000-100-1000-000304210	A KJG	PO -0000000174 - AAAAGU		364.00
Tran #:	13	Line: 1	Description: 7585 - Balloon Bouquets		
06/10/2014	100-2010000-100-1000-000304210	A KJG	PO -0000000174 - AAAAGU		130.00
Tran #:	13	Line: 1	Description: 7585 - Long and Low Centerpieces		
06/10/2014	100-2013100-100-2490-800310000	N KJG	PO -0000000174 - AAAAGU	130.00	
Tran #:	13	Line: 0	Description: C32/7078/7079/7080		
06/10/2014	100-2013100-100-2410-610310000	N KJG	PO -0000000178 - AAAAGY	39.99	
Tran #:	6	Line: 0	Description: O01/OD-71684501-001		
06/10/2014	100-2013100-100-2410-610310000	N KJG	PO -0000000178 - AAAAGY	10.00	
Tran #:	6	Line: 0	Description: O01/OD-71684501-001		
06/10/2014	100-2013100-100-2410-610310000	N KJG	PO -0000000178 - AAAAGY	22.34	
Tran #:	6	Line: 0	Description: O01/OD-71684501-001		
06/10/2014	100-2013100-100-2410-610310000	N KJG	PO -0000000178 - AAAAGY	5.60	
Tran #:	6	Line: 0	Description: O01/OD-71684501-001		

39.99
10.00
22.34
5.60
General Office Supplies

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06/10/2014	100-2010000-100-1000-000304210	A	KJG	PO -0000000178 - AAAAGY	39.99
Tran #:	7	Line:	1	Description: 7568 - Folder, Class, 2 dividers	
06/10/2014	100-2010000-100-1000-000304210	A	KJG	PO -0000000178 - AAAAGY	10.00
Tran #:	7	Line:	1	Description: 7568 - Folder, Class, 2 dividers	
06/10/2014	100-2010000-100-1000-000304210	A	KJG	PO -0000000178 - AAAAGY	22.39
Tran #:	7	Line:	1	Description: 7568 - Purple Labels	
06/10/2014	100-2010000-100-1000-000304210	A	KJG	PO -0000000178 - AAAAGY	5.60
Tran #:	7	Line:	1	Description: 7568 - Purple labels	
Totals for Period 12					
					211,003.81
					211,003.81

Accounts Payable

Report Totals

	Debits	Credits
Posting Totals	\$211,003.81	\$211,003.81

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07/11/2014	100-2013100-100-2560-540320000	H SRS	AP -0000000531 - AAAAUT	640.00	
Tran #:	8	Line: 1	Description: Ad Mound House		
07/29/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000541 - AAAAVD	39.99	
Tran #:	9	Line: 1	Description: A02/OFFICE-7568		
07/29/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000541 - AAAAVD	39.99	
Tran #:	9	Line: 1	Description: A02/OFFICE-7568		
07/29/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000541 - AAAAVD	10.00	
Tran #:	9	Line: 1	Description: A02/OFFICE-7568		
07/29/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000541 - AAAAVD	10.00	
Tran #:	9	Line: 1	Description: A02/OFFICE-7568		
07/29/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000541 - AAAAVD	17.99	
Tran #:	9	Line: 1	Description: A02/OFFICE-7568		
07/29/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000541 - AAAAVD	17.99	
Tran #:	9	Line: 1	Description: A02/OFFICE-7568		
07/29/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000541 - AAAAVD	4.40	
Tran #:	9	Line: 1	Description: A02/OFFICE-7568		
07/29/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000541 - AAAAVD	5.60	
Tran #:	9	Line: 1	Description: A02/OFFICE-7568		
07/25/2014	100-2010000-100-1000-000300000	A SRS	AP -0000000546 - AAAAVI	60.98	
Tran #:	1	Line: 1	Description:		
07/25/2014	100-2010000-100-1000-000304210	A SRS	AP -0000000546 - AAAAVI	60.98	
Tran #:	1	Line: 1	Description:		
07/10/2014	100-2010000-100-1000-000304210	A SRS	AP -0000000546 - AAAAVI	843.62	
Tran #:	2	Line: 1	Description:		
07/10/2014	100-2010000-100-1000-000304623	L SRS	AP -0000000546 - AAAAVI	843.62	
Tran #:	2	Line: 1	Description:		
07/27/2014	100-2010000-100-1000-000304210	A SRS	AP -0000000546 - AAAAVI	3,040.00	
Tran #:	3	Line: 1	Description: TV Ad		
07/27/2014	100-2010000-100-1000-000304210	A SRS	AP -0000000546 - AAAAVI	760.00	
Tran #:	3	Line: 2	Description: TV Ad		
07/27/2014	100-2013100-100-2560-540310000	N SRS	AP -0000000546 - AAAAVI	760.00	
Tran #:	3	Line: 2	Description: TV Ad		
07/27/2014	100-2013100-100-2560-540320000	H SRS	AP -0000000546 - AAAAVI	3,040.00	
Tran #:	3	Line: 1	Description: TV Ad		
07/28/2014	100-2010000-100-1000-000304210	A SRS	AP -0000000546 - AAAAVI	800.00	
Tran #:	4	Line: 1	Description: 105.7 KOZZ		
07/28/2014	100-2010000-100-1000-000304210	A SRS	AP -0000000546 - AAAAVI	200.00	
Tran #:	4	Line: 2	Description: 105.7 KOZZ ad		

GL Posting Audit Report

Silver State Charter Schools (SSCS)

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Batch: AAAALV

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Posting Detail Period 14

Date	GL Account/Description	Debits	Credits
07/29/2014	100-2010000-100-1000-000304210 ACCOUNTS PAYABLE	\$10.00	
Tran #: 1	Line: 1 User ID: KJG Posting Reference: GL - 0000000305 - AAAALV		
Description: To Correct transaction in CC out of balance		Trans. Reference: GL0030500001	
Totals for Period 14		\$10.00	\$0.00

Posting Detail Period 16

Date	GL Account/Description	Debits	Credits
09/04/2014	100-2010000-100-1000-000304210 ACCOUNTS PAYABLE	\$158.84	
Tran #: 2	Line: 1 User ID: KJG Posting Reference: GL - 0000000305 - AAAALV		
Description: To Correct transaction in CC out of balance		Trans. Reference: GL0030500002	
09/09/2014	100-2010000-100-1000-000304210 ACCOUNTS PAYABLE	\$30.00	
Tran #: 3	Line: 1 User ID: KJG Posting Reference: GL - 0000000305 - AAAALV		
Description: To Correct transaction in CC out of balance		Trans. Reference: GL0030500003	
Totals for Period 16		\$188.84	\$0.00

Report Totals

		Debits	Credits
Difference	\$198.84	Posting Totals	\$198.84
			\$0.00

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

Issue #2

Purchase order 7794 to Sew What for \$1772.68

Sam had input the information for the Invoice.

This invoice was for 1696.42

Discount of \$82.58

158.84 shipping and handling

On the AMEX Bill we were only charged \$1613.84, which is the invoice amount minus the Discount

Amex billed us for 1613.84

So I paid \$1613.84 to Amex from the invoice which left owing the \$158.85

The General entry shows 1613.84 to the debit side, and 1613.84 and \$158.84 to the credit side.

I made an journal entry of the \$158.84 to fix the out of balance

Purchase Order

Purchase Order No. 7794

Vendor Number S55

To SEWHAT
1978 Gladwick St.
Ranch Dominguez, CA 90220

Ship To Silver State Charter Schools
788 Fairview Drive
Carson City, NV 89701
Phone: (775) 883-7900
Fax: (775) 883-9130

PO Date 09/04/2014 Vendor Contact Drama Remarks AMEX Terms

Quantity	Vendor Stock #	Description	Unit Cost	Extended
4.00	100-2011741-000-3200-903320000	Base Plate	\$76.9500	\$307.80
4.00	100-2011741-000-3200-903320000	Adjustable Upright 12'	\$100.2000	\$400.80
2.00	100-2011741-000-3200-903320000	Telescopic Drape Support 7' - 12'	\$58.6000	\$117.20
2.00	100-2011741-000-3200-903320000	Masking Drape	\$435.3100	\$870.62
1.00	100-2011741-000-3200-903320000	Shipping - Discount -82.58 Discount 158.84 Shipping	\$76.2600	\$76.26

This invoice was
put in for this

Amount, when we got
the AMEX statement

Amex Ck

We were not charged shipping

We were charged 1613.84 which led to the difference of
\$158.84

Authorized Signature: SK

1613.84

Authorized Signature: SK

SEE ATTACHED

Total \$1,772.68

384735

Purchase Order

TO <i>Sen what</i>		SHIP TO	
ADDRESS		ADDRESS	
CITY, STATE, ZIP		CITY, STATE, ZIP	
DATE <i>9/9/14</i>	DATE REQUIRED <i>9/10/14</i>	TERMS <i>AE</i>	HOW SHIPPED
REQ. NO. OR DEPT.		FOR <i>Milroy Thornton</i>	

PLEASE SUPPLY LISTED ITEMS BELOW

QUANTITY ORDERED	QUANTITY RECEIVED		PRICE	UNIT
1				
2	2	<i>Thornton camera</i>		
3		<i>side camera</i>		
4		<i>and 5 photos</i>		
5				
6				
7			177268	
8		<i>NOTE -</i>		
9		<i>This is second set to match existing</i>		
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				

IMPORTANT

Purchase Order Number must appear on all invoices - packaging, etc.

Please notify us immediately if you are unable to complete the order by date specified.

Please send _____ copies of your INVOICE with ORIGINAL BILL OF LADING.

PURCHASING AGENT

**Sew What? Inc**

1978 Gladwick St
Rancho Dominguez, CA 90220
(310) 639-6000 Fax (310) 639-6036

Quote**Quote Number: 41404**

Date: 8/4/2014
Expires: 11/02/2014

Page: 1 of 2

Quote To:

Steve Knight
Silver State High School (charter)
788 Fairview Drive
Carson City NV 89701

Phone: 775-220-3675

PO:

Terms: Prepay in Full

Ship To:

Silver State High School (charter)
788 Fairview Drive
Carson City NV 89701

ATTN - STEVE KNIGHT

Ship Via: FedEx Ground

Rep: Kimberly Lee

Qty	Description	Unit Price	Net Price
4	B181838-20-BLK Heavy Base Assembly 18" x 18" x 3/8" with 2" Pin, Black Powder Coated. Comes with 3 pin holes. Stacking and/or handling slots available for an additional charge.	76.95	307.80
4	TS712-BLK Two-piece Adjustable Upright 7' - 12'h x 2" OD, Black Anodized	100.20	400.80
2	TDS712-BLK Telescopic Drape Support 7' - 12', Black Anodized	58.60	117.20
2	Masking Drape, 12'0"h x 12'0"w, IFR 22oz Encore, Black, Sewn flat, vertical seams, unlined. Top: 6" hem / lined pipe hem. Sides: 6" hem Bottom: 6" hem / lined with chain.	435.31	870.62
Special Discount.			-82.58
Discount is valid for this quote only and may not be transferred to future quotes.			
ESTIMATED SHIPPING AND HANDLING			158.84
Based on the Ship To address and Ship Via method as listed in the "Ship To" box above. Changes to the Ship To address and/or Ship Via method prior to order shipment may affect the actual shipping charges assessed at time of invoicing.			

Note: Due to rising fuel costs leading to changes in shipping fuel surcharges, all shipping costs are estimated. Actual shipping charges will be charged at the time the order ships.

sales tax has been listed on this Quote, as you have indicated that the order will ship to a location outside of California, or a valid California Resale Certificate is on file at Sew What. If, at the time an order is placed, the Ship To location changes to a California address and a California Resale Certificate is not on file at Sew What? Inc., the actual sales tax (if any) will be listed on the order acknowledgement, based on the sales tax rate applicable for the location at which the customer assumes possession of the order.

Sub Total:	1,772.68
Miscellaneous Charges	0.00
Estimated Sales Tax:	0.00
Quote Total:	1,772.68

Terms and Conditions: All orders are subject to our Shipping and Return policies. Our Shipping Policy is available on our website at www.sewwhatinc.com/shipping.php and our Returns Policy is available on our website at www.sewwhatinc.com/returns.php. An interest charge or 1.5% (annual percentage rate of 18%) will be charged on all invoices 30 days past due. Should it become necessary to place the account with a collection agency, the customer agrees to pay all costs of collection in addition to all other sums due. In the event that either party is required to commence or defend any arbitration or litigation to enforce or interpret any term or provision of this agreement, the prevailing party in any such action or proceeding shall be entitled to recover all costs including reasonable attorney fees.

Your signature below confirms that the products as listed above are correct, that you have read and understood the Shipping and Returns Policies, and that you agree to pay the total amount listed, plus shipping if not already included in the total as an individual line item, according to the payment terms listed above.

Need By Date: 9/26/14

Sign, Date & Fax Back to 310 639 6036

Lead time of 2-4 weeks applies on sewn goods and track.
Additional charges may apply for rush orders.

if possible

Call Steve Knight
~~for change colors~~
 Questions
 775-220-3625

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09/04/2014	100-2013100-100-2620-610310000	N KJG	PO -0000000189 - AAAAHJ	0.33	
Tran #:	4	Line: 0	Description: L08/LOWES-7775		
09/04/2014	100-2013100-100-2620-610320000	H KJG	PO -0000000189 - AAAAHJ	30.38	
Tran #:	4	Line: 0	Description: L08/LOWES-7775		
09/04/2014	100-2013100-100-2620-610320000	H KJG	PO -0000000189 - AAAAHJ	11.84	
Tran #:	4	Line: 0	Description: L08/LOWES-7775		
09/04/2014	100-2013100-100-2620-610320000	H KJG	PO -0000000189 - AAAAHJ	15.18	
Tran #:	4	Line: 0	Description: L08/LOWES-7775		
09/04/2014	100-2013100-100-2620-610320000	H KJG	PO -0000000189 - AAAAHJ	19.73	
Tran #:	4	Line: 0	Description: L08/LOWES-7775		
09/04/2014	100-2013100-100-2620-610320000	H KJG	PO -0000000189 - AAAAHJ	7.58	
Tran #:	4	Line: 0	Description: L08/LOWES-7775		
09/04/2014	100-2013100-100-2620-610320000	H KJG	PO -0000000189 - AAAAHJ	1.33	
Tran #:	4	Line: 0	Description: L08/LOWES-7775		
09/04/2014	100-2010000-100-1000-000304210	A KJG	PO -0000000189 - AAAAHJ		89.60
Tran #:	5	Line: 1	Description: 7776 - Facial tissue		
09/04/2014	100-2010000-100-1000-000304210	A KJG	PO -0000000189 - AAAAHJ		22.40
Tran #:	5	Line: 1	Description: 7776 - Facial tissue		
09/04/2014	100-2013100-100-2620-610310000	N KJG	PO -0000000189 - AAAAHJ	3.90	
Tran #:	5	Line: 0	Description: T02/TSC-7776		
09/04/2014	100-2013100-100-2620-610310000	N KJG	PO -0000000189 - AAAAHJ	5.25	
Tran #:	5	Line: 0	Description: T02/TSC-7776		
09/04/2014	100-2013100-100-2620-610310000	N KJG	PO -0000000189 - AAAAHJ	5.25	
Tran #:	5	Line: 0	Description: T02/TSC-7776		
09/04/2014	100-2013100-100-2620-610310000	N KJG	PO -0000000189 - AAAAHJ	8.00	
Tran #:	5	Line: 0	Description: T02/TSC-7776		
09/04/2014	100-2013100-100-2620-610320000	H KJG	PO -0000000189 - AAAAHJ	15.60	
Tran #:	5	Line: 0	Description: T02/TSC-7776		
09/04/2014	100-2013100-100-2620-610320000	H KJG	PO -0000000189 - AAAAHJ	21.00	
Tran #:	5	Line: 0	Description: T02/TSC-7776		
09/04/2014	100-2013100-100-2620-610320000	H KJG	PO -0000000189 - AAAAHJ	21.00	
Tran #:	5	Line: 0	Description: T02/TSC-7776		
09/04/2014	100-2013100-100-2620-610320000	H KJG	PO -0000000189 - AAAAHJ	32.00	
Tran #:	5	Line: 0	Description: T02/TSC-7776		
09/04/2014	100-2010000-100-1000-000304210	A KJG	PO -0000000189 - AAAAHJ		1,772.68
Tran #:	23	Line: 1	Description: 7794 - Base Plate		
09/04/2014	100-2011741-000-3200-903320000	D KJG	PO -0000000189 - AAAAHJ	307.80	
Tran #:	23	Line: 0	Description: S55/SEWWHAT-7794		

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09/04/2014	100-2011741-000-3200-903320000	D KJG	PO -0000000189 - AAAAHJ	400.80	
Tran #:	23	Line: 0	Description: S55/SEWWHAT-7794		
09/04/2014	100-2011741-000-3200-903320000	D KJG	PO -0000000189 - AAAAHJ	117.20	
Tran #:	23	Line: 0	Description: S55/SEWWHAT-7794		
09/04/2014	100-2011741-000-3200-903320000	D KJG	PO -0000000189 - AAAAHJ	870.62	
Tran #:	23	Line: 0	Description: S55/SEWWHAT-7794		
09/04/2014	100-2011741-000-3200-903320000	D KJG	PO -0000000189 - AAAAHJ	76.26	
Tran #:	23	Line: 0	Description: S55/SEWWHAT-7794		
09/04/2014	100-2010000-100-1000-000304210	A KJG	PO -0000000197 - AAAAHR		0.99
Tran #:	13	Line: 1	Description: 7927 - Adjustment to PO# 7772		
09/04/2014	100-2013100-100-2213-331320000	H KJG	PO -0000000197 - AAAAHR	0.99	
Tran #:	13	Line: 0	Description: P54/PESI-7927/7772		
Totals for Period				16	
				4,280.51	4,280.51

Report Totals					
				Debits	Credits
Posting Totals				\$4,280.51	\$4,280.51

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09/04/2014	100-2010000-100-1000-000304210	A SRS	AP -0000000566 - AAAAWC	140.70
Tran #:	24	Line: 1	Description: Telephone	
09/04/2014	100-2010000-100-1000-000304210	A SRS	AP -0000000566 - AAAAWC	35.18
Tran #:	24	Line: 2	Description: Telephone	
09/04/2014	100-2013100-100-2610-533310000	M SRS	AP -0000000566 - AAAAWC	35.18
Tran #:	24	Line: 2	Description: Telephone	
09/04/2014	100-2013100-100-2610-533320000	H SRS	AP -0000000566 - AAAAWC	140.70
Tran #:	24	Line: 1	Description: Telephone	
09/04/2014	100-2010000-100-1000-000304210	A SRS	AP -0000000566 - AAAAWC	140.70
Tran #:	25	Line: 1	Description: Telephone	
09/04/2014	100-2010000-100-1000-000304210	A SRS	AP -0000000566 - AAAAWC	35.18
Tran #:	25	Line: 2	Description: Telephone	
09/04/2014	100-2013100-100-2610-533310000	M SRS	AP -0000000566 - AAAAWC	35.18
Tran #:	25	Line: 2	Description: Telephone	
09/04/2014	100-2013100-100-2610-533320000	H SRS	AP -0000000566 - AAAAWC	140.70
Tran #:	25	Line: 1	Description: Telephone	
09/04/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000590 - AAAAXA	1,613.84
Tran #:	4	Line: 1	Description: A02/SEVWHAT-7794	
09/04/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000590 - AAAAXA	1,613.84
Tran #:	4	Line: 1	Description: A02/SEVWHAT-7794	
09/04/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000590 - AAAAXA	158.84
Tran #:	4	Line: 1	Description: A02/SEVWHAT-7794	
09/04/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000590 - AAAAXA	185.40
Tran #:	11	Line: 1	Description: A02/COSTCO-7773	
09/04/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000590 - AAAAXA	185.40
Tran #:	11	Line: 1	Description: A02/COSTCO-7773	
09/04/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000590 - AAAAXA	189.00
Tran #:	13	Line: 1	Description: A02/PESI-7927/7772	
09/04/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000590 - AAAAXA	189.00
Tran #:	13	Line: 1	Description: A02/PESI-7927/7772	
09/04/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000590 - AAAAXA	0.99
Tran #:	13	Line: 2	Description: A02/PESI-7927/7772	
09/04/2014	100-2010000-100-1000-000304210	A KJG	AP -0000000590 - AAAAXA	0.99
Tran #:	13	Line: 2	Description: A02/PESI-7927/7772	
09/04/2014	100-0000000-000-0000-000301016	G KJG	AP -0000000596 - AAAAXG	31.18
Tran #:	1	Line: 1	Description: M37/EFT 9/4/14	
09/04/2014	100-0000000-000-0000-000301016	G KJG	AP -0000000596 - AAAAXG	7.80
Tran #:	1	Line: 1	Description: M37/EFT 9/4/14	

This is what Denali recorded in GL. The payment 1613.84
of the difference could

GL Transaction Edit Report

Silver State Charter Schools (SSCS)

Batch: AAAALV

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Transaction #	Posting Reference	Transaction Description	Transaction Date
1	GL0030500001	To Correct transaction in CC out of balance	07/29/2014
Line	Account Number / Description	Debits	Credits
1	100-2010000-100-1000-000304210 ACCOUNTS PAYABLE		
Budget	50.00	New Bal (\$104,491.00)	Amt Remaining \$104,491.00
			\$10.00
Totals for Transaction #	1	Debits \$10.00	Credits \$0.00
	Transaction		Difference \$10.00 DR
Balance			\$10.00 DR
2	GL0030500002	To Correct transaction in CC out of balance	09/04/2014
Line	Account Number / Description	Debits	Credits
1	100-2010000-100-1000-000304210 ACCOUNTS PAYABLE		
Budget	50.00	New Bal (\$104,639.84)	Amt Remaining \$104,639.84
			\$158.84
Totals for Transaction #	2	Debits \$158.84	Credits \$0.00
	Transaction		Difference \$158.84 DR
Balance			\$158.84 DR
3	GL0030500003	To Correct transaction in CC out of balance	09/09/2014
Line	Account Number / Description	Debits	Credits
1	100-2010000-100-1000-000304210 ACCOUNTS PAYABLE		
Budget	50.00	New Bal (\$104,511.00)	Amt Remaining \$104,511.00
			\$30.00
Totals for Transaction #	3	Debits \$30.00	Credits \$0.00
	Transaction		Difference \$30.00 DR
Balance			\$30.00 DR
Summary Totals:		Debits \$198.84	Credits \$0.00
	Transaction		Difference \$198.84 DR
Balance			\$198.84 DR

Report Summary

Report Selection Criteria
 Start
 End
 GL Transaction: Start
 End
 Report Type: Detailed

The second transaction
 was to fix the out of
 balance

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

Issue #3

Purchase order 7793

DATE 9/9/2014

Sam had input the invoice, which is posted as a PO The purchase order #7793

All of the following transactions have referenced the Invoice #7793

The posting was balanced for both sides of the equation, 12.00 and 48.00 on the Debits side to the Accounts payable Account and also to the Bus Maintenance Account

I had paid the invoice using the American Express Card, which is posted as an AP transaction

\$30.00 went to the Debit side in the Accounts Payable Account,

Then \$30.00, \$18.00, \$12.00 part of the transaction went to the credit side to Accounts Payable

I had to make a journal entry to fix the out of balance of \$30.00

Purchase Order

Purchase Order No. 7793

Vendor Number F06

To FAST GLASS
3170 South Carson Street
Carson City, NV 89701

Ship To Silver State Charter Schools
788 Fairview Drive
Carson City, NV 89701
Phone: (775) 883-7900
Fax: (775) 883-9130

PO Date	Vendor Contact	Remarks	Terms
09/09/2014		Bus maintenance	AMEX

Quantity	Vendor Stock #	Description	Unit Cost	Extended
0.80	100-2013100-100-2730-431320000	Windshield Repair	\$60.0000	\$48.00
0.20	100-2013100-100-2730-431310000	Windshield Repair	\$60.0000	\$12.00

This invoice
was paid with

Amex

but only \$30.00

on was charged
on statement

Bus #

9901

Amex c/c

Denali paid 18.00 + 12.00 on
credit card

Authorized Signature: _____

Authorized Signature: _____

Total

\$60.00

\$30.00

GL Reprint Posting Report Silver State Charter Schools (SSCS)

09/21/2015 2:37:23 PM

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Posting Detail Period 16

Date	GL Account/Description	User ID	Posting Reference	Debits	Credits
09/09/2014	100-2010000-100-1000-000304210 A KJG		AP -0000000590 - AAAAXA	30.00	
Tran #: 8	Line: 1 Description: A02/FG-7793				
09/09/2014	100-2010000-100-1000-000304210 A KJG		AP -0000000590 - AAAAXA		30.00
Tran #: 8	Line: 1 Description: A02/FG-7793				
09/09/2014	100-2010000-100-1000-000304210 A KJG		AP -0000000590 - AAAAXA		18.00
Tran #: 8	Line: 1 Description: A02/FG-7793				
09/09/2014	100-2010000-100-1000-000304210 A KJG		AP -0000000590 - AAAAXA		12.00
Tran #: 8	Line: 1 Description: A02/FG-7793				
09/09/2014	100-2010000-100-1000-000304210 A KJG		GL -0000000305 - AAAALV	30.00	
Tran #: 3	Line: 1 Description: ACCOUNTS PAYABLE				
09/09/2014	100-2010000-100-1000-000304210 A KJG		PO -0000000189 - AAAAHJ		48.00
Tran #: 22	Line: 1 Description: 7793 - Windshield Repair				
09/09/2014	100-2010000-100-1000-000304210 A KJG		PO -0000000189 - AAAAHJ		12.00
Tran #: 22	Line: 1 Description: 7793 - Windshield Repair				
09/09/2014	100-2013100-100-2730-431310000 M KJG		PO -0000000189 - AAAAHJ	12.00	
Tran #: 22	Line: 0 Description: F06/FASTGLASS-7793				
09/09/2014	100-2013100-100-2730-431320000 H KJG		PO -0000000189 - AAAAHJ	48.00	
Tran #: 22	Line: 0 Description: F06/FASTGLASS-7793				
09/09/2014	100-2010000-100-1000-000304210 A KJG		PO -0000000190 - AAAAHK		604.90
Tran #: 3	Line: 1 Description: 7801 - Double sided deadbolts				
09/09/2014	100-2013100-100-4500-721300000 B KJG		PO -0000000190 - AAAAHK	217.50	
Tran #: 3	Line: 0 Description: A17/15574				
09/09/2014	100-2013100-100-4500-721300000 B KJG		PO -0000000190 - AAAAHK	135.00	
Tran #: 3	Line: 0 Description: A17/15574				
09/09/2014	100-2013100-100-4500-721300000 B KJG		PO -0000000190 - AAAAHK	157.40	
Tran #: 3	Line: 0 Description: A17/15574				
09/09/2014	100-2013100-100-4500-721300000 B KJG		PO -0000000190 - AAAAHK	15.00	
Tran #: 3	Line: 0 Description: A17/15574				
09/09/2014	100-2013100-100-4500-721300000 B KJG		PO -0000000190 - AAAAHK	30.00	
Tran #: 3	Line: 0 Description: A17/15574				
09/09/2014	100-2013100-100-4500-721300000 B KJG		PO -0000000190 - AAAAHK	50.00	
Tran #: 3	Line: 0 Description: A17/15574				
09/09/2014	100-2010000-100-1000-000304210 A KJG		PO -0000000190 - AAAAHK		13.98
Tran #: 9	Line: 1 Description: 7807 - Drywall Joint Compound				
09/09/2014	100-2010000-100-1000-000304210 A KJG		PO -0000000190 - AAAAHK		3.50
Tran #: 9	Line: 1 Description: 7807 - Drywall Joint Compound				

Bus Maintenance Accounts Payable

GL Transaction Edit Report

Silver State Charter Schools (SSCS)

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Transaction #	Posting Reference	Transaction Description	Transaction Date
1	GL0030500001	To Correct transaction in CC out of balance	07/29/2014
Line	Account Number / Description	Debits	Credits
1	100-2010000-100-1000-000304210	ACCOUNTS PAYABLE	
Budget	\$0.00	New Bal (\$104,491.00)	Amt Remaining \$104,491.00
			\$10.00
Totals for Transaction #	1	Debits \$10.00	Credits \$0.00
	Transaction		Difference \$10.00 DR
Balance			\$10.00 DR
2	GL0030500002	To Correct transaction in CC out of balance	09/04/2014
Line	Account Number / Description	Debits	Credits
1	100-2010000-100-1000-000304210	ACCOUNTS PAYABLE	
Budget	\$0.00	New Bal (\$104,639.84)	Amt Remaining \$104,639.84
			\$158.84
Totals for Transaction #	2	Debits \$158.84	Credits \$0.00
	Transaction		Difference \$158.84 DR
Balance			\$158.84 DR
3	GL0030500003	To Correct transaction in CC out of balance	09/09/2014
Line	Account Number / Description	Debits	Credits
1	100-2010000-100-1000-000304210	ACCOUNTS PAYABLE	
Budget	\$0.00	New Bal (\$104,511.00)	Amt Remaining \$104,511.00
			\$30.00
Totals for Transaction #	3	Debits \$30.00	Credits \$0.00
	Transaction		Difference \$30.00 DR
Balance			\$30.00 DR
Summary Totals:		Debits \$198.84	Credits \$0.00
	Transaction		Difference \$198.84 DR
			Balance \$198.84 DR

Report Summary

Report Selection Criteria

GL Transaction: Start
Report Type: Detailed

End
End

Third transaction
was to fix
out of balance

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

Issue #4

The last Error in Denali

I sent a copy of the aging report with the dates on the side when the American express items were paid.

When a bill gets paid it should not show up on the Aging Report. There is 8 ½ pages of items that were paid. It also shows the payments. The problem was that because they showed up on the aging report they were also a part of the Accounts Payable amount on the financial reports.

I also sent the AP Pay/Adj Posting Audit to show that they were paid.

I also sent the GL Audit trail for the Accounts payable and along with the Bank register.

The payments were going on the Bank register, but they were not being report on the Bank Account or being taken off the Accounts Payable. So I had to make an adjusting Entry to Both the Bank Account and Accounts payable.

The paid items in the American Express account stayed in the account, I had to call the service department and they had to go somewhere behind the scenes to zero them out so they would not show up on the account once they were paid. They had to do this numerous times.

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

Source Documents for the Accounting System – Cougar Mountain

Accounting System Specific Documents

Source #	Document
A-1	Notice of Breach Letter, dated December 12, 2014 from State Public Charter School Authority
A-2	Cougar Mountain support service log, dated June 18, 2014
A-3	Response to Jonathan Steele's resignation letter provided by Kellie Grahmann on September 25, 2015
A-4	Email dated October 7, 2015 from Kellie Grahmann
A-5	July 31, 2014 bank statements (nine accounts)

Commonly Used Silver State Charter Schools Documents

Source #	Document
SS-2	Bylaws of Silver State Charter Schools, As amended by the Governing Body on October 12, 2011
SS-3	2013-2014 Annual Independent Audit, issued October 27, 2014
SS-4	Email chain, ranging from May 15, 2014 to June 13, 2014 between Kellie Grahmann and Kevin Winston from Cougar Mountain
SS-5	Resignation from Governing Body Letter from Jonathan Steele, dated September 25, 2014

Accounting System Specific Interviews

Source #	Document
I-2	Interview on July 21, 2015 with Kellie Grahmann
I-3	Interview on July 27, 2015 with Jonathan Steele
I-4	Interview on July 27, 2015 with Zeth Macy
I-5	Interview on September 8, 2015 with Daniel Leck
I-8	Interview on September 28, 2015 with Kellie Grahmann and Edith Grub

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

Observations: Kellie Grahmann

Kellie Grahmann, current Executive Director of Administration of Silver State Charter Schools was hired as the finance assistant in September 2009. From 2012 to 2014, Kellie Grahmann, experienced scrutiny from the Governing Body of Silver State Charter Schools for not providing accurate monthly financials, which according to Kellie Grahmann were allegedly due to accounting software “glitches”.

Investigative Procedures Performed

During the investigation, information was collected from the following sources to determine if the prescribed procedure(s) from the Bylaws of Silver State Charter Schools were followed and adhered to when Kellie Grahmann performed her job.

Source #	Document
K-1	July 5, 2014 – Governing Body Minutes
K-2	May 11, 2015 – Governing Body Minutes
K-3	May 19, 2015 – Governing Body Minutes
K-4	June 16, 2015 – Governing Body Minutes
K-5	July 8, 2015 – Governing Body Minutes
K-6	July 14, 2015 – Governing Body Minutes
K-7	July 21, 2015 – Governing Body Minutes
K-8	Kellie Grahmann Resume and Silver State Charter Schools Executive Director Application Document
SS-2	Bylaws of Silver State Charter Schools, As amended by the Governing Body on October 12, 2011
SS-4	Email chain, ranging from May 15, 2014 to June 13, 2014 between Kellie Grahmann and Kevin Winston from Cougar Mountain
I-1	Interview on July 21, 2015 with Edith Grub
I-2	Interview on July 21, 2015 with Kellie Grahmann
I-3	Interview on July 27, 2015 with Jonathan Steele
I-4	Interview on July 27, 2015 with Zeth Macy
I-5	Interview on September 8, 2015 with Daniel Leck
I-6	Interview on September 9, 2015 with Kellie Grahmann and Sam Schuler
I-8	Interview on September 28, 2015 with Kellie Grahmann and Edith Grub

Preliminary/Initial Findings

Findings from Interviews

According to an interview with Kellie Grahmann on July 21, 2015, she was hired as the Finance Assistant in September 2009. Within six months, the Director of Finance for Silver State Charter Schools who Kellie Grahmann worked for quit, and Kellie Grahmann took over the role as the Director of Finance.

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

When Silver State Charter Schools implemented a new accounting software, Cougar Mountain, in 2012 Kellie Grahmann started having difficulty producing accurate financial reports. According to Kellie Grahmann, there was an alleged “glitch” in the accounting software, and many governing body minutes have discussions which revolve around her not performing her job properly.¹ In July 2015, the Governing Body voted to offer the position as Executive Director of Administration to Kellie Grahmann. In this role, her responsibilities include both finance and operations. Edith Grub, Governing Body President of Silver State Charter Schools, had approached her about applying for the position.

According to Jonathan Steele, former Governing Body member of Silver State Charter Schools, one of the main issues while serving on the Governing Body at Silver State Charter Schools was the lack of consistent financials. Stephen Knight, then Superintendent of Silver State Charter Schools and Kellie Grahmann were responsible for providing monthly financial statements to the Governing Body. The Governing Body would often receive an Income Statement, and occasionally a Balance Sheet, but would seldom receive a budget to actual report. The reports presented at the Governing Body meetings were often in excel, and would not match with the information in Cougar Mountain. Additionally, upon review of the bank reconciliations, the bank balance was \$300,000 lower than what was reported on the July 31, 2014 Balance sheet. According to Jonathan Steele, Kellie Grahmann always had excuses for not presenting accurate financial statements at the Governing Body meetings – these excuses included:

- Accounting software “glitches”; and
- Being too busy with other tasks.

He never saw a “smoking gun”, but he constantly saw and heard things that made him speculate. He questioned if the financials did not balance due to “incompetence or someone taking money”. Jonathan Steele was invited by Kellie Grahmann to look at the issues with the accounting system, but he decided not to because at that time he had already decided to resign from the Governing Body.

According to Daniel Leck, then Governing Body member of Silver State Charter Schools, the Governing Body had no confidence in Kellie Grahmann due to repeated inaccurate financial reporting, and asked that she no longer come to the Governing Body meetings as the financial officer. One of the main reasons for Daniel Leck’s resignation was the lack of care to produce accurate financials.

According to an interview with Edith Grub, current Governing Body President of Silver State Charter Schools, only the former Governing Body members, Daniel Leck, Sue Cocking and Jonathan Steele had issues with Kellie Grahmann. The new body has confidence in Kellie Grahmann and feels that all of the issues related to financials have been resolved after changing to new software.

According to Zeth Macy, Partner at Schettler Macy & Associates², he sat down with Kellie Grahmann and witnessed firsthand the issues plaguing the accounting system, which caused the system to not function

¹ Please refer to the report entitled “Observation: Accounting System – Cougar Mountain” for expanded discussion regarding the financial/accounting system issues.

² Schettler Macy & Associates was retained to perform the Annual Independent Audit for Fiscal Years 2013 and 2014.

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

properly. Technical support from Cougar Mountain would provide Kellie Grahmann with workarounds to fix the issues she was having, but the overarching problem was never fixed.

According to Edith Grub, in a follow-up interview with Kellie Grahmann and Edith Grub, Kellie was the best choice for the Executive Director of Administration role because she was already familiar with the finances.

Findings from Documents Read

- According to a read of the Governing Body meeting minutes, there is frequent discussion regarding Kellie Grahmann and the lack of accurate and consistent financial information. The following is an excerpt from a Governing Body meeting:
 - At the Governing Body Meeting on July 15, 2014, “LE³ said they have all of the bank statements but there is no way to tie them back to the financial report. Edith said the financial report is not correct anyway because Kellie still has to take out July and August’s wages for teachers from last year’s money. Jon said if she was doing her job correctly, she should be able to give us a financial report that is true and accurate with all of those things accounted for.”
- According to an email chain, ranging from May 15, 2014 to June 13, 2014 between Kellie Grahmann and Kevin Winston from Cougar Mountain, on May 15, 2014 Kellie Grahmann asked Kevin Winston to write an email for the Governing Body that he is working with Kellie Grahmann to correct the system issues and asked him to **“make it so it is not totally my fault so I don’t look too bad”**.
 - On May 16, 2014, Kevin Winston replied as follows: “Ms. Grahmann and I are working on rebalancing the Trial Balance, the balance sheet, and the correct figures you need for reporting. In the past the credit card procedures **were not being done correctly and needs to be cleaned up**. Ms. Grahmann **now knows the proper way** of processing credit cards as payments. She also is very aware of the “out of balance” closing of the last year end (F-2011). This also has been corrected. We have just 2 more modules to correct and made sure the figures given are the correct one and that the detail matches with the reporting figures. The concern we had was the amounts from the credit cards were not being eliminated by payments, and you were showing much more on the trial balance as liabilities than you had. Ms. Grahmann is almost done, but not in time for the next meeting.”
 - On June 5, 2014 Kellie Grahmann sent an additional message to Kevin Winston requesting a letter to show the problem was with the software, and that Kellie Grahmann had been sufficiently trained to use the software.
 - On June 13, 2014, Kevin Winston, provided Kellie Grahmann with the following response to be presented to the Governing Body, “this is to inform you about where we are on getting the YTD information in the system correctly and to report it to you. I thought we would be done with the AP by now but, **Kellie found a mistake and we here at Cougar are trying to correct a calculation that is not being done**. Seems that paying by credit

³ LE refers to Louis E. Volberding, then Governing Body member of Silver State Charter Schools.

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

card is NOT posting to GL at all? We discovered this and **Cougar is in the process of correction on this.** I am not a tech person and cannot in all honesty tell you the time period of correction. In the meantime Kellie does know how to “pay” the invoice by her using the correct procedure and can post it correct and manually make journal entries. Thank you for your patience on this matter.”

- According to the Silver State Charter Schools Executive Director Application Document, dated June 3, 2015 and recent resume attached to the application, Kellie Grahmann has the following education credentials:
 - Associate of Arts in General Business, Western Nevada College, Carson City, NV, September 1985 – June 1989
 - Associate of Arts in Office Administration, Western Nevada College, Carson City, V, September 1997 – January 2000
 - Bachelor of Science in Financial Forensics, Colorado Technical University, Colorado Springs, CO, January 2012 – August 2013
 - Master’s in Business Administration, North Central University, Prescott Valley, AZ, September 2014 – October 2015 (33 Credit hours)
- Below is a screenshot of Kellie Grahmann’s professional experience according to her resume:

Professional Experience

Director of Finance/Human Resources–Silver State Charter Schools, Carson City, NV • 9/2009 – Present

- Non-Profit Accounting
- Oversee all purchases and Payroll for the staff
- Accounts Payable and Accounts Receivable
- Negotiate Insurance plans and health care for Staff
- Inventory of all inventory of all fixed assets
- Up to date on non-profit audits best practices and State and Federal laws regarding nonprofit operations
- Cash flow planning and ensure availability of funds as needed
- Oversee cash, investments and asset management of the school
- Developed and maintained systems of internal controls to safeguard financial assets of the school
- Developed and monitored budgets

Accounts Payable Clerk–SlotWorld, Inc, Carson City, NV • 10/2007 – 11/2008

- Responsible for all accounts payable functions
- Reconciled monthly all vendors accounts
- Reconciled monthly all Staff Benefits accounts

Office Assistant –ID Corporation, Moundhouse, NV • 10/2000 – 9/2007

- Responsible for taking customer orders by phone and in person and submitting them for processing
- Responsible for monthly invoicing of vendors and accounts receivable

Assistant Manager Joann Fabric, Carson City, NV • 06/1997 – 10/2000

- Supervised 8 employees
- Responsible for balancing the cash register on a daily basis
- Responsible for being a cashier, cutting fabric and creating products

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

- According to the Governing Body Minutes from July 8, 2015, the Governing Body appointed a Selection Committee to interview applicants for the Executive Director of Academics and Executive Director of Administration positions. Interviews were to be scheduled for July 14, 2015 and the public was welcome to attend. According to the Governing Body minutes, President Edith Grub announced that more than fifty applications were received for the two Executive Director positions, but 50% of the applicants did not meet the minimum requirements for the position. Cristina Saenz, Governing Body Member of Silver State Charter Schools, and Kellie Grahmann were selected to interview for the Executive Director of Administration position.
- According to the Governing Body Minutes from July 14, 2015, the Selection Committee recommended hiring Kellie Grahmann for the position of Executive Director, following discussion of the interview candidates.
 - The Governing Body motioned to hire Ruth Kotler as the Executive Director, Academics and Kellie Grahmann as the Executive Director, Finance, but the motion failed.
 - Jen Geary, Governing Body member of Silver State Charter Schools, voiced concerns that the positions needed to be filled by the right people “to reduce drama and support the people in their positions”.
 - Edith Grub stated that she did not think they would reach consensus on the Finance position.
 - Kimberly Pilant, Governing Body Member of Silver State Charter Schools pointed out that they could take additional applications for the Executive Director, Finance position.
 - The Governing Body voted to continue further deliberations on the Executive Director, Finance position. It was confirmed that Kellie Grahmann would remain in her current position at Silver State Charter Schools.
- According to the Governing Body Minutes from July 21, 2015, a joint meeting of the Selection Committee and Governing Body was held to take possible action to employ an Executive Director of Administration. After discussions of the qualifications of the candidates and public comments, a motion was passed by the Selection Committee to recommend Kellie Grahmann as Executive Director of Administration. **The Governing Body voted to employ Kellie Grahmann as the Executive Director of Administration of Silver State Charter Schools.**

Source Documents for Observations of Kellie Grahmann

Kellie Grahmann Specific Documents

Source #	Document
K-1	July 5, 2014 – Governing Body Minutes
K-2	May 11, 2015 – Governing Body Minutes
K-3	May 19, 2015 – Governing Body Minutes
K-4	June 16, 2015 – Governing Body Minutes
K-5	July 8, 2015 – Governing Body Minutes
K-6	July 14, 2015 – Governing Body Minutes
K-7	July 21, 2015 – Governing Body Minutes
K-8	Kellie Grahmann Resume and Silver State Charter Schools Executive Director Application Document

Commonly Used Silver State Charter Schools Documents

Source #	Document
SS-2	Bylaws of Silver State Charter Schools, As amended by the Governing Body on October 12, 2011
SS-4	Email chain, ranging from May 15, 2014 to June 13, 2014 between Kellie Grahmann and Kevin Winston from Cougar Mountain

Kellie Grahmann Specific Interviews

Source #	Document
I-1	Interview on July 21, 2015 with Edith Grub
I-2	Interview on July 21, 2015 with Kellie Grahmann
I-3	Interview on July 27, 2015 with Jonathan Steele
I-4	Interview on July 27, 2015 with Zeth Macy
I-5	Interview on September 8, 2015 with Daniel Leck
I-6	Interview on September 9, 2015 with Kellie Grahmann and Sam Schuler
I-8	Interview on September 28, 2015 with Kellie Grahmann and Edith Grub

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

Observations: Edith Grub

Edith Grub, Governing Body President of Silver State Charter Schools, was part of the committee to form Silver State Charter Schools and served on the Governing Body of Silver State Charter Schools until December 2009. She rejoined the Governing Body in January 2012 and currently serves as the Governing Body President. According to resignation letters of and interviews conducted with former Governing Body members, there were complaints from past Governing Body members that Edith Grub failed to properly address the financial issues and appointed members to the Governing Body who would support Edith Grub and Stephen Knight, then Superintendent of Silver State Charter Schools, and their direction for Silver State Charter Schools.

Prevailing Guidance:

Silver State Charter Schools Governing Body Bylaws:

According to the Silver State Charter Schools Bylaws, as amended by the Governing Body on October 12, 2011, "The Governing Body of Silver State Charter Schools shall consist of seven (7) members. Two (2) of said members shall be licensed teachers as required by NRS 386.549 or who previously held such a license and is retired, as long as his or her license was held in good standing; one of which may be a school administrator with a license issued by another state or who previously held such a license and is retired, as long as his or her license was held in good standing. One parent or legal guardian of a pupil enrolled in the charter school who is not a teacher or an administrator at the charter school. **Two members who possess knowledge and experience in one or more of the following areas: Accounting, Financial services, Law, or Human resources.**"

Investigative Procedures Performed

During the investigation, information was collected from the following sources to determine if the prescribed procedure(s) from the Bylaws of Silver State Charter Schools were followed and adhered to during Edith Grub's current (January 2012 to Present) term on the Governing Body of Silver State Charter Schools.

Source #	Document
E-1	January 18, 2012 – Governing Body Minutes
E-2	June 24, 2014 – Governing Body Minutes
E-3	September 16, 2014 – Governing Body Minutes
E-4	October 14, 2014 – Governing Body Minutes
E-5	Edith Grub Resume
E-6	Resignation from Governing Body Letter from Edith Grub, dated December 17, 2009
E-7	Resignation from Governing Body Letter from Daniel Leck Grub, dated October 22, 2014
E-8	SSCS Governing Body Membership Dates and Election Dates, updated December 9, 2014
SS-2	Bylaws of Silver State Charter Schools, As amended by the Governing Body on October 12, 2011

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

Source #	Document
SS-5	Resignation from Governing Body Letter from Jonathan Steele, dated September 25, 2014
I-1	Interview on July 21, 2015 with Edith Grub
I-3	Interview on July 27, 2015 with Jonathan Steele
I-5	Interview on September 8, 2015 with Daniel Leck

Preliminary/Initial Findings

Findings from Interviews

According to Edith Grub, she was friends with the Stephen and Patty Knight¹ and they had proposed that she join the Silver State Charter Schools Governing Body. She joined the Governing Body in 2003, and from 2004 until her resignation in December 2009, she served as the President of the Governing Body of Silver State Charter Schools. In 2012, she returned as a member of the Governing Body of Silver State Charter Schools, and was re-elected as President in June 2014.

According to an interview on July 27, 2014 with Jonathan Steele, former Governing Body member of Silver State Charter Schools, after some members of the Governing Body requested a forensic audit² tensions on the Governing Body, and between the Governing Body and school administration grew worse. Edith Grub convinced the Governing Body into allowing Stephen Knight to be rehired for the 2014 – 2015 school year after retiring at the close of the 2013 – 2014 school year. Edith Grub and Stephen Knight continued to work together, using the restrictive open meeting laws to their advantage by restricting agenda items at the Governing Body meetings.

According to an interview on September 8, 2015 with Daniel Leck, former Governing Body member of Silver State Charter Schools, the President, Edith Grub, and the (former) Superintendent, Stephen Knight, “ran the body”, and the direction in which they were running the School caused the hostile environment. In order to change anything, they needed four votes, but the majority of the Governing Body was beholden to the Superintendent. If one were to challenge the Governing Body, it would turn “nasty”.

According to Daniel Leck, Edith Grub asked Patty Knight to investigate the terms of all Governing Body Members in an attempt to get rid of Sue Cocking. Jeff Blanck, then Governing Body’s counsel, stated that due to the new Nevada Revised Statutes (NRS), Sue Cocking had another year on her term. Subsequently, Edith Grub and Stephen Knight signed a document stating that Jeff Blanck was no longer being retained in an attempt to make a “power play”. Approval was not given by the Governing Body before signing this document.

¹ Patty Knight is the wife of Stephen Knight, then Superintendent of Silver State Charter Schools. She is not employed by Silver State Charter Schools and has never served as a Governing Body member of Silver State Charter Schools.

²Due to the continuing issue with the financial reports, some Governing Body members were concerned fraud was occurring and requested a forensic audit be performed.

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

Findings from Documents Read

- According to the resume for Edith Grub, Edith Grub was part of the committee to form Silver State High School/Silver State Charter Schools. She served as the Governing Body President of Silver State Charter Schools from 2002 until 2009³.
- According to the Resignation from Governing Body Letter from Edith Grub, dated December 17, 2009, Edith Grub resigned from the Governing Body of Silver State Charter Schools on December 17, 2009.
- According to the Silver State Charter Schools Governing Body Membership Dates and Election Dates, updated December 9, 2014, Edith Grub serves as the Human Resources representative on the Governing Body.
- According to the Edith Grub's resume, Edith has a Bachelor of Science from Texas Woman's University (1972). Below is a screenshot of relevant experience:

Work Experience: Sierra Convalescent Center, Carson City, NV
Previous 10 years Administrative Aide 2000-2002

Wal-Mart, Carson City, NV
Cashier 2009-present

Volunteer Work: Silver State High School/Silver State Charter Schools
Committee to form, President Governing Body,
2002-2009

Democratic Woman's Club, past president

EAA, past treasurer

Carson Cruisers, member

- According to January 18, 2012 Governing Body meeting minutes on January 18, 2012, Edith Grub was re-elected to the Governing Body of Silver State Charter Schools.
- According to June 24, 2014 Governing Body meeting minutes, on June 24, 2014 Edith Grub was elected as President of the Governing Body of Silver State Charter Schools.
- According to the Governing Body meeting on September 16, 2014, a lengthy discussion took place related to the dysfunctionality of the Governing Body. Additionally, Jonathan Steele asked to put on the agenda a discussion on July's cash balance because there was a \$362,000 deficit and he wanted to know from Stephen Knight why Silver State Charter Schools was below the loan covenant when Stephen Knight said we were \$300,000 above the covenant.
- According to Jonathan Steele's resignation letter, dated September 25, 2014, Jonathan Steele resigned due to a lack of action taking place on recommended changes. According to the

³ According to an interview with Edith Grub on July 21, 2015, Edith Grub indicated that she has been involved with Silver State Charter Schools since 2003. According to the Edith Grub's resume, she has been affiliated with Silver State Charter Schools since 2002.

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

resignation letter, Jonathan Steele cited the August and September Governing Body meetings, "During the August 19, 2014 meeting, the Superintendent reported there was \$1,297,191 in cash from various checking accounts, as of July 31, 2014 Balance Sheet. However, when documentation was received later the following week, there was only \$934,634. As of this writing, no explanation has been given, despite the Body's request. **You, as President of the board, the Superintendent, and Financial Officer stopped every attempt to discuss the matter in the following meeting on September 16, 2014 meeting.**"

- According to the Governing Body minutes from October 14, 2014, a discussion took place related to Jonathan Steele's resignation. After Daniel Leck read Jonathan Steele's resignation letter, Edith Grub responded stating that the prior year was not her responsibility because she had only been the Governing Body President since June 2014, and that "A meeting was held with a CPA from Reno in attendance to tell the board the difference between personal and governmental finances, held especially for Jon's benefit and he did not attend."
- According to Daniel Leck's resignation letter from the Governing Body of Silver State Charter Schools, dated October 22, 2014, Daniel Leck resigned from the Governing Body effective October 22, 2014. The following are excerpts from the letter:
 - "The deficiency of action from the board, **president** and school director ultimately resulted in the resignation of our designated financial board representative... At our October 14th meeting, I read Mr. Steele's resignation letter, which was followed by discussion. Your comment that followed that he did not understand accounting associated with public schools as his practice dealt with the private sector, was to me **alarming and appalling.**"
 - "Not only have you neglected to address the educational and financial concerns of some of the board members; you have openly sought to enhance the entitlements of the school director at the expense of the students. Two significant examples;
 1. Even though the board directed you to spend funds to solicit the school director's job opening on a national administrator's website, **you refused**. Also, 2+ qualified persons who did apply, were not properly addressed. You then presented to the board a new interim contract for the existing director, with the board appointing the existing director to the position for another year...Though the original contract was for an interim position until we found a new school director, the contract was changed to eliminate the "interim" status, resulting in the director signing a full year contract, similar to his past contracts. **I believe your actions could be construed as being very deceitful.**
 2. Your desire to "stack the board" with individuals agreeable to the director's current program has also been a questionable procedure. By you directing the wife of the school director to research the term limits of each board member, you have created a conflict of interest between the board and director. And in fact, her research was proven to be incorrect. Regardless of the information about the term limits being correct or incorrect, **you had no authority to terminate a board members term without board approval.**"

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

- **"This school if it is to remain open is in dire need of new leadership.** The board is directly responsible for the decline in the school's education along with numerous other checks and balances that have also failed."

Source Documents for Observations of Edith Grub

Edith Grub Specific Documents

Source #	Document
E-1	January 18, 2012 – Governing Body Minutes
E-2	June 24, 2014 – Governing Body Minutes
E-3	September 16, 2014 – Governing Body Minutes
E-4	October 14, 2014 – Governing Body Minutes
E-5	Edith Grub Resume
E-6	Resignation from Governing Body Letter from Edith Grub, dated December 17, 2009
E-7	Resignation from Governing Body Letter from Daniel Leck Grub, dated October 22, 2014
E-8	SSCS Governing Body Membership Dates and Election Dates, updated December 9, 2014

Commonly Used Silver State Charter Schools Documents

Source #	Document
SS-2	Bylaws of Silver State Charter Schools, As amended by the Governing Body on October 12, 2011
SS-5	Resignation from Governing Body Letter from Jonathan Steele, dated September 25, 2014

Edith Grub Specific Interviews

Source #	Document
I-1	Interview on July 21, 2015 with Edith Grub
I-3	Interview on July 27, 2015 with Jonathan Steele
I-5	Interview on September 8, 2015 with Daniel Leck

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

Observation: Derivative

Concerns related to the derivative noted in the Silver State Charter Schools' Audited Financial Statements may not be in compliance with State regulation that funding received by the school must be held in an account, within this state, which is FDIC insured – for which a derivative may not be in compliance¹.

Prevailing Guidance:

State Regulation:

NAC 387.765 Compliance with accounting principles; use of chart of accounts; maintenance of money in banks, credit unions or savings and loan associations. (NRS 386.540, 392A.060) A charter school or university school for profoundly gifted pupils shall:

1. Comply with generally accepted accounting principles.
2. Use the chart of accounts prescribed by the Department.
3. Maintain all money received by the charter school or university school for profoundly gifted pupils from this State and from the board of trustees of a school district in:
 - (a) A bank in this State whose deposits are insured by the Federal Deposit Insurance Corporation;
 - (b) A credit union in this State whose deposits are insured by the National Credit Union Share Insurance Fund or by a private insurer approved pursuant to NRS 678.755; or
 - (c) A savings and loan association in this State whose deposits, if made by the State, a charter school or a university school for profoundly gifted pupils or an agency of either, are insured by the Federal Deposit Insurance Corporation, or the legal successor of the Federal Deposit Insurance Corporation.
4. No expenditures from an account may be made in excess of the balance of the account.

(Added to NAC by Bd. of Education by R026-09, eff. 10-27-2009)

Investigative Procedures Performed

During the investigation, information was collected from the following sources to determine if the prescribed procedure(s) from the Bylaws of Silver State Charter Schools and the State of Nevada were followed and adhered to when Silver State Charter Schools entered into the derivative agreement.

Source #	Document
D-1	2012-2013 Annual Independent Audit, issued October 30, 2013
D-2	Bank of America Commercial Loan Invoices (July 2013 – May 2015)
D-3	June 21, 2011 – Governing Body Meeting Minutes

¹ Applicable state regulation was provided by the SCPSA.

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

Source #	Document
D-4	September 7, 2011 - Governing Body Meeting Minutes
D-5	Real Estate Loan Agreement dated as of September 13, 2011
D-6	Global Derivative Products Acknowledgement Letter dated September 9, 2011
D-7	Silver State Charter Schools Risk Management Summary prepared by Bank of America Merrill Lynch, dated October 4, 2011
SS-1	Nevada Administrative Code (NAC) 387.765
SS-2	Bylaws of Silver State Charter Schools, As amended by the Governing Body on October 12, 2011
SS-3	2013-2014 Annual Independent Audit, issued October 27, 2014
I-6	Interview on September 9, 2015 with Kellie Grahmann and Sam Schuler
I-7	Interview on September 10, 2015 with Zeth Macy

Preliminary/Initial Findings

On September 13, 2011 Sue Cocking, the Governing Body President, and Jonathan Steele, the Governing Body Secretary, on behalf of Silver State Charter Schools entered into a floating rate loan with Bank of America, N.A. for \$3.125 million and an interest rate swap in order to hedge the exposure created by the variable interest rate, and synthetically fix the loan interest rate at 3.59%. The Governing Body approved the \$3.125 million loan with the interest rate swap on September 7, 2011.

Understanding Interest Rate Swaps

An agreement between two parties (known as counterparties) where one stream of future interest payments is exchanged for another based on a specified principal amount. Interest rate swaps often exchange a fixed payment for a floating payment that is linked to an interest rate (most often the LIBOR). A company will typically use interest rate swaps to limit or manage exposure to fluctuations in interest rates, or to obtain a marginally lower interest rate than it would have been able to get without the swap.

Findings from Interviews

According to a follow-up interview conducted with Kellie Grahmann, Executive Director of Administration for Silver State Charter Schools on September 9, 2015, the interest rate swap strategy was presented by the Banker at Bank of America. According to Kellie Grahmann, the Banker said if the interest rate had ever gone up, the swap payment would have gone down. However, the interest rate stayed around the same rate. The monthly Interest Rate Swap payment is around \$3,000 - \$4,000. Silver State Charter Schools makes the swap payment in addition to about \$12,500 for principal and interest repayment on the Real Estate loan. Kellie Grahmann did not believe "the banker understood the strategy any more than she did at the time". According to the September bill, the balance on the loan is \$2,809,316.48.

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

According to a follow-up interview conducted with Zeth Macy, Partner at Schettler Macy & Associates² on September 10, 2015, Silver State Charter Schools has an interest rate swap as part of their loan with Bank of America. Zeth Macy relied upon the Silver State Charter Schools Risk Management Summary prepared by Bank of America Merrill Lynch to determine the accumulated decrease in fair market value and the current and long-term liability portions of the derivative instrument presented in the 2013-2014 Annual Independent Audit, issued on October 27, 2014. Zeth Macy was not aware of the circumstances of the interest rate swap agreement.

Findings from Documents Read

- At the Governing Body Meeting on September 7, 2011, bank representatives from Bank of America and First Independent Bank of Nevada presented building loan proposals. According to the Governing Body Meeting Minutes from September 7, 2011 the following proposals were presented:
 1. Michael Sharp, representing Bank of America, presented a loan for \$3,125,000, at annual fixed interest rate of 3.64%³ for 5 years, amortized for 25 years. Michael Sharp explained an interest rate swap if the rates went down or up and how it would affect the loan if Silver State Charter Schools paid it off early
 2. Greg Nixon, representing First Independent Bank of Nevada, presented a loan for \$3,000,000, at an interest rate of 5.75% for 10 years, amortized over 20 years.
- According to the Governing Body meeting minutes from September 7, 2011, the members determined that the decision came down to money. According to the Governing Body minutes, Daniel Leck said that with his calculations, the Bank of America loan would save Silver State Charter Schools \$225,000. Sue Cocking said their payment would be at least \$6,000 cheaper with Bank of America.
- According to the Governing Body meeting minutes, on September 7, 2011, the Governing Body voted to approve the lending offer from Bank of America for \$3,125,000 with an interest rate SWAP option. The loan was to be signed by Sue Cocking, then Governing Body President, and Jonathan Steele, then Governing Body Secretary.
- On September 7, 2011, a Board Resolution was signed by Sue Cocking stating the Governing Body agreed to move forward with financing with Bank of America to borrow \$3,125,000 amortized over 25 years with a 5 year term and to enter into an Interest Rate Swap under an International Swaps and Derivatives Association Master Agreement, "ISDA Master Agreement", with the transaction. The Board Resolution gave authority to Sue Cocking and Stephen Knight, then Superintendent of Silver State Charter Schools, to enter into the Governing Body approved transaction.

² Schettler Macy & Associates was retained to perform the Annual Independent Audit for Fiscal Years 2013 and 2014.

³ According to the Governing Body minutes, the fixed interest rate presented was 3.64%. According to the additional documents read, monthly commercial invoices and the 2013-2014 Annual Independent Audit, the fixed interest rate is 3.59%

Nevada State Public Charter School Authority

Final Summary for Silver State Charter Schools

- On September 13, 2011, Sue Cocking and Jonathan Steele, on behalf of Silver State Charter Schools and Michael D. Sharp, Senior Vice President of Bank of America, N.A., entered into a Real Estate Loan Agreement for \$3,125,000 with repayment beginning November 2, 2011, and ending on September 30, 2016. The interest rate is a rate per year equal to the British Bankers Association LIBOR Rate ("BBA LIBOR Rate") (Adjusted Periodically) plus 2.15 percentage points. The loan fee associated with the Real Estate loan was agreed upon at \$75,000.00.
- On September 13, 2011, Sue Cocking, on behalf of Silver State Charter Schools, signed an Acknowledgement Letter dated September 9, 2011. By signing the Acknowledgment Letter, Sue Cocking acknowledged reading the Global Derivative Products Interest Rate Hedging Discussion and understood "both the benefits and risks of entering into the interest rate swap".
- The Silver State Charter Schools Risk Management Summary prepared by Bank of America Merrill Lynch, dated October 4, 2011 presents the interest rate swap hedging strategy as a strategy to manage risk associated with the floating interest rate loan by synthetically fixing the interest rate. Current market conditions were presented to demonstrate the fluctuations in IM LIBOR rates and the historical movement of 5 year swap and treasury rates. Floating-to-fixed interest rate swaps were explained and diagramed with sample cash flows. The presentation also outlined the benefits and risks associated with hedge products.
- According to Note 6 – Long-term debt in the 2012-2013 Annual Independent Audit, issued October 30, 2013, "In September 2011, the School entered into an agreement with Bank of America for the purchase of a new campus. The loan matures September 2036 and includes a current interest rate of 2.34%. After five years, the bank will renew the loan but the School will have the option to seek alternative financing. Monthly payments include an annual principal payment (every October) and a variable interest rate."
- During the review period, July 1, 2013 to June 30, 2015, Silver State Charter Schools' Interest Rate Swap payment ranged from \$2,816.00 (due 3/2/2015) to \$3,421.46 (due 9/3/2013).
- According to Note 7 – Derivative Instrument to the 2013-2014 Annual Independent Audit, issued October 27, 2014, the school entered into an interest rate swap agreement. The objective of the interest rate swap was "to lower its borrowing cost and increase its savings, compared to interest rates on fixed rate notes, the School entered into a loan with a variable interest rate and simultaneously entered into an interest rate swap to serve as a hedge against swings in the cash flows that would be required for the loan. The School's objective for entering into the swap was to effectively change its variable interest note to a synthetic fixed rate note at 3.59%." As of June 30, 2014, the fair market value of the derivative instrument was \$(84,456)⁴.

⁴ According to Note 7, "The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement payment on the swap."

Source Documents for the Derivative

Derivative Specific Documents

Source #	Document
D-1	2012-2013 Annual Independent Audit, issued October 30, 2013
D-2	Bank of America Commercial Loan Invoices (July 2013 – May 2015)
D-3	June 21, 2011 – Governing Body Meeting Minutes
D-4	September 7, 2011 - Governing Body Meeting Minutes
D-5	Real Estate Loan Agreement dated as of September 13, 2011
D-6	Global Derivative Products Acknowledgement Letter dated September 9, 2011
D-7	Silver State Charter Schools Risk Management Summary prepared by Bank of America Merrill Lynch, dated October 4, 2011

Commonly Silver State Charter Schools Documents

Source #	Document
SS-1	Nevada Administrative Code (NAC) 387.765
SS-2	Bylaws of Silver State Charter Schools, As amended by the Governing Body on October 12, 2011
SS-3	2013-2014 Annual Independent Audit, issued October 27, 2014

Derivative Specific Interviews

I-6	Interview on September 9, 2015 with Kellie Grahmann and Sam Schuler
I-7	Interview on September 10, 2015 with Zeth Macy

Common Source Documents for the Silver State Charter Schools Review

Source #	Document
SS-1	Nevada Administrative Code (NAC)
SS-2	Bylaws of Silver State Charter Schools, As amended by the Governing Body on October 12, 2011
SS-3	2013-2014 Annual Independent Audit, issued October 27, 2014
SS-4	Email chain, ranging from May 15, 2014 to June 13, 2014 between Kellie Grahmann and Kevin Winston from Cougar Mountain
SS-5	Resignation from Governing Body Letter from Jonathan Steele, dated September 25, 2014

Interviews

I-1	Interview on July 21, 2015 with Edith Grub
I-2	Interview on July 21, 2015 with Kellie Grahmann
I-3	Interview on July 27, 2015 with Jonathan Steele
I-4	Interview on July 27, 2015 with Zeth Macy
I-5	Interview on September 8, 2015 with Daniel Leck
I-6	Interview on September 9, 2015 with Kellie Grahmann and Sam Schuler
I-7	Interview on September 10, 2015 with Zeth Macy
I-8	Interview on September 28, 2015 with Kellie Grahmann and Edith Grub



STATE PUBLIC CHARTER SCHOOL AUTHORITY

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BRIEFING MEMORANDUM

TO: SPCSA Board
FROM: Patrick Gavin
SUBJECT: Coral Academy Expansion Request
DATE: October 22, 2015

Background:

Coral Academy has submitted a request to amend its charter to acquire and occupy an additional campus in Centennial Hills.

Analysis:

The expansion request is incomplete. Several key items mandated by NAC 386.3265 were not included, including the required project plan and timelines (i.e. Gantt chart) and explanatory narrative sufficient to gauge the school's ability to execute on this project and obtain all necessary approvals prior to opening. Without this information, it is impossible to evaluate the school's capacity to develop the Nellis and Centennial Hills properties simultaneously. The omission of this required information is particularly unfortunate given the complexities and risk factors associated with a high-profile project like the Nellis campus and challenges which have recently been identified in obtaining final Air Force approval for that expansion.

Additionally, the school provided insufficient information to permit a determination of the school's capacity to more effectively implement other statutory requirements, including the requirement in NRS 386.580(1) that the school "shall, if practicable, ensure that the racial composition of pupils enrolled in the charter school does not differ by more than 10 percent from the racial composition of pupils who attend public schools in the zone in which the charter school is located." In recent months, the SPCSA Board has placed a renewed emphasis on this requirement for those schools which do not have a mission-specific enrollment preference to serve a particular at-risk population—an exemption permitted by NRS 386.580(2)(d) and has emphasized that schools must do significantly more grassroots marketing and direct contact with families in an effort to ensure that schools meet both this statutory requirement and a broader state and federal expectation that schools without a mission-specific enrollment preference also reflect the economic, linguistic, and ability diversity of the surrounding community.

Coral does not have a mission-specific at-risk preference the school as a whole, yet the school's existing campuses in Henderson do not reflect the racial, economic, linguistic, or ability diversity of the surrounding community—most notably with regard to the percentage of Hispanic students attending the school and the percentages of low-income, special education, and ELL students at Coral (see attached). While the recently approved Nellis campus is eligible for the recently enacted military-connected child enrollment preference and will likely be significantly more representative of its environs due to the greater diversity and social cohesion of the US military community, the proposed Centennial Hills campus will not benefit from the inherent recruitment advantages for a military base campus with a military-connected child enrollment preference. Despite the gap between Coral's demographics and those of the surrounding community, the school states that "[r]ecruitment at Centennial Hills will mirror the procedures we have in place at our existing campuses and will include many events such as Math Matters, Open Houses, Family Nights, Festivals, STEM Expo, and other events that the central office incorporates." While these are, no doubt, high quality events which engage many constituencies in the community, the gap between Coral's population and that of the surrounding community clearly demonstrates that these efforts are insufficient to increase the diversity of Coral's student body. Additional grassroots marketing aimed at some of Nevada's fastest growing and most high-needs students is essential.

Recommendation:

Based on a review of the expansion request, staff recommends that the Board deny the request at this time. Staff deeply appreciates the school's willingness to be an early and eager participant in the expansion amendment request process. Coral has an exemplary academic track record and we fully expect that the school will be able to address the issues raised in this recommendation and expand in the future. Staff notes that it is aware that Coral has recently begun conversations with a consultant who is experienced in school expansion strategic and business planning and it supports the school's desire to increase its capacity and effectiveness in this area. The school is strongly encouraged to consider both staff and SPCSA Board concerns, modify its plans appropriately, and resubmit a complete and well-developed expansion request during an upcoming expansion amendment window.

School Name	American Indian / Alaskan Native %	Asian %	Hispanic %	Black %	White %	Pacific Islander %	Two or More Races %	IEP %	ELL %	FRL %
Coral Academy ES	nd	20.4	10.1	3.6	55.3	nd	8.5	4.5	nd	5.6
Bartlett ES	nd	5.87	21.55	3.67	59.82	nd	7.48	14.96	6.3	29.18
Beatty ES	nd	12.81	22.63	10.15	41.76	nd	8.32	14.31	9.82	33.94
Cartwright ES	nd	13.54	28.97	5.97	34.5	nd	12.23	10.04	16.45	48.47
Cox (David) ES	nd	6.56	22.4	7.36	54.08	nd	8.16	11.04	6.24	31.2
Gehring ES	nd	11.54	33.88	9.32	29.59	nd	11.39	14.94	17.31	55.03
Gibson (James) ES	nd	4.08	31.22	6.12	44.9	nd	9.39	12.86	8.98	40
Hill ES	nd	8.82	34.26	13.68	32.5	nd	8.38	10.44	12.94	58.24
Lamping ES	nd	7.52	17.73	3.55	59.86	nd	9.93	10.92	5.67	13.05
Mack (Nate) ES	nd	4.4	27.08	7.67	47.15	nd	10.77	12.72	7.18	39.48
McDoniel ES	nd	2.52	34.53	4.5	47.12	nd	8.09	14.03	12.23	44.06
Morrow ES	nd	-	23.02	2.18	64.03	1.91	7.08	15.12	2.59	38.56
Roberts ES	nd	3.9%	29.4%	9.1%	46.0%	nd	9.2%	14.4%	8.7%	36.6%
Taylor (Glen) ES	nd	8.74	17.07	5.2	56.4	nd	10.41	9.16	4.06	18.94
Twitchell ES	nd	7.93	16.57	3.66	62.6	nd	8.13	12.91	6.91	16.46
Vanderburg ES	nd	7.64	14.32	2.15	64.16	nd	9.36	13.78	4.2	11.19
Wiener ES	nd	9.84	29.67	7.7	41.37	nd	8.7	13.69	13.84	50.5
Wolff (Elise) ES	nd	10.27	18.5	4.39	55.4	nd	9.63	10.7	5.03	16.79

School Name	American Indian / Alaskan Native %	Asian %	Hispanic %	Black %	White %	Pacific Islander %	Two or More Races %	IEP %	ELL %	FRL %
Coral Academy MS	nd	28.6	9.8	13.7	3.1	nd	43.4	3.3	nd	5.0
Greenspun JHS	0.93	6.23	25.7	6.51	51.61	1.5	7.52	9.09	3.72	30.57
Mannion MS	-	3.81	18.71	4.27	64.94	-	6.96	10.77	2.04	26.26
Miller (Bob) MS	-	10.06	17.69	4.19	60.13	-	6.69	7.5	1.44	16.38
Schofield MS	-	8.48	30.56	8.71	41.97	-	6.83	13.51	7.66	45.42
Silvestri JHS	0.74	11.27	30.38	10.35	32.72	5.84	8.7	10.24	7.89	48.97
Webb MS	-	10.9	16.32	5.31	55.45	-	9.18	6.6	2.25	19.22
White MS	-	5.54	39.32	11.36	34.14	-	7.17	10.29	8.8	55.93

School Name	American Indian / Alaskan Native %	Asian %	Hispanic %	Black %	White %	Pacific Islander %	Two or More Races %	IEP %	ELL %	FRL %
Coral Academy HS	nd	21.3	16.3	7.1	52.9	nd	nd	6.3	nd	7.9
Coronado HS	0.52	9.54	16.91	3.98	60.37	1.36	7.31	6.23	1.42	12.25
Del Sol HS	-	4.34	63.09	11.85	14.29	-	4.05	11.31	16.43	72.06
Foothill HS	0.66	3.12	23.83	4.72	59.49	1.56	6.63	9.99	2.12	26.78
Green Valley HS	0.71	6.57	27.85	7.92	47.32	1.91	7.73	8.38	3.46	30.89
Liberty HS	0.44	15.5	26.52	11.14	29.93	6.17	10.3	9.7	4.45	35.7
Silverado HS	0.44	8.93	31.46	8.31	41.58	2.52	6.76	10.47	5.52	34.69
Coronado HS	0.52	9.54	16.91	3.98	60.37	1.36	7.31	6.23	1.42	12.25



STATE PUBLIC CHARTER SCHOOL AUTHORITY

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BRIEFING MEMORANDUM

TO: SPCSA Board
FROM: Patrick Gavin
SUBJECT: Quest Academy Nepotism Waiver Request
DATE: October 22, 2015

Regulatory and Policy Overview:

NAC 386.345 was one of a number of regulations impacting charter schools which were substantially revised in a public process which began in early 2014 and was completed with the Legislative Commission's approval of R035-14A in December 2014. The general public, including staff and board members of charter schools, had the opportunity to participate in that public process and the State Public Charter School Authority has discussed these NAC changes in public meetings, posted links to the revised regulations on its website, and circulated links to the published version of the regulations in the Nevada Register via email and social media. While the Authority has no legal obligation and very limited capacity to notify charter schools of regulatory changes, it has made significant effort to do so.

A number of these regulatory changes codified into regulation past practices of the Nevada Department of Education and the State Public Charter School Authority, both of which have historically required charter school applicants to commit in writing to a variety of good governance practices. The revised NAC 386.345(2)(b) provides that a governing body of a charter school may not include (1) A person who is related by blood or marriage to an employee of the governing body or charter school or (2) A person who is related by blood or marriage to another member of the governing body, unless the governing body of the school petitions the Authority for a waiver of this prohibition and that waiver is approved by the SPCSA. Pursuant to NAC 386.345(3), the Authority may waive the prohibition for "good cause shown and may make its approval contingent upon the governing body agreeing to additional oversight or conditions." The rationale for permitting such waivers was emphasized by former State Superintendent Erquiaga in his consideration of these regulations at a public hearing in November 2014, when he noted that he himself was from a rural county where "everyone is related to each other." Consistent with that reasoning, the Authority has limited its granting of such waivers to rural communities.

Background:

On multiple occasions, SPCSA staff and members of the Authority board have brought both the charter application's nepotism requirements and the regulations prohibiting nepotism to the attention of the school leader and members of the governing body of Quest Academy. As revealed in the Quest forensic audit findings the SPCSA Board reviewed on September 28, 2015, there were multiple incidents of nepotism identified. On September 30, 2015, the governing body of Quest Academy requested that the SPCSA board waive the nepotism prohibition set forth in NAC 386.345, identifying three board member—out of eight total—who would require such a waiver as they have family members who are employed by the school. Subsequent to that request, the Authority received correspondence from one of the three parties indicating that he resigned his position on the Board effective October 13, 2015 and stating that would not rejoin the board unless such a waiver were granted. The three individuals for whom the Board has requested this waiver are:

- Jack Fleeman – spouse of Christina Fleeman, teacher
- Lucas Leavitt - spouse of Quest Special Education Aide, Jennifer Leavitt
- Timothy Zeidler– spouse of Quest Special Education Aide, Linda Zeidler

The school contends that the inclusion of these individuals is essential to comply with the provisions of NRS 386.549, which sets forth expertise which the legislature has determined is essential to the effective governance of a charter school. Mr. Leavitt and Mr. Zeidler meet the board membership requirement of NRS 386.549(1)(a) and (b) as they are licensed educators. If he were to rejoin the board, Mr. Fleeman would meet the board membership requirement of NRS 386.549(1)(d) as he has experience as an attorney. Based on a review of the Quest board roster submitted via Epicenter on July 21, 2015, it appears that the school is correct in its assertion that the school would be out of compliance with the board membership provisions of NRS 386.549 if those individuals were not permitted to serve on the board.

In its request, the school notes that it has advertised for board members in the local newspaper and did not receive any applicants. It also contends that there is significant competition for board members and cites this as justification for appointing individuals with known familial relationships to staff and is now retroactively seeking approval.

Recommendation and Analysis:

While SPCSA staff sympathize with the challenges faced by individual board members and staff, we recommend that the waivers be denied for all three individuals. It is important to note that staff's recommendation to deny this waiver request is not based on any evaluation of the competence, intentions, or ethics of the three individuals for whom these waivers were requested. Based on the evidence we have received to date, it appears that their commendable willingness to serve on the governing body of Quest is grounded in a sincere desire to support their children's school and help it to improve. In no way should this recommendation be taken as an opinion that these individuals would not be exemplary members of another charter school governing body.

Instead, this recommendation is grounded in both critical public policy concerns and the context and history of this particular school. Competition and a lack of applicants from a one-time recruitment effort do not constitute a compelling justification to grant any of these waiver requests, let alone three separate waivers for one school. Ongoing board development and the recruitment, selection, and retention of high quality board members is a core responsibility of any self-selecting governing body. The passive and reactive strategies of the governing body of Quest do not constitute best

practice in governance and they represent a systemic organizational deficiency. Clark County is by far the most populous county in the state and is home to the nation's fifth largest school district. Approving a waiver request for a Clark County school based on the rationale of competition and lack of applicants to an advertisement would set a precedent by which the SPCSA Board could permit every governing body in the state—including all of our schools in Clark and Washoe—to appoint one or multiple board members related to staff. This would effectively nullify the nepotism prohibition and undermine the integrity and public trust of the charter school movement. Moreover, even if the SPCSA Board were to elect to grant nepotism waivers in Clark or Washoe Counties, Quest's extensive history of organizational and governance issues—including very recent and ongoing patterns of nepotism, noncompliance and mismanagement, strongly argues against permitting any waiver for this school at this time.

Dear SPCSA Chair Conaboy,

During the September 9, 2014 meeting of the Quest Preparatory Academy Governing Board, it was motioned and approved that a formal request be made of the State Public Charter School Authority Board for the approval of an otherwise prohibited familial relationship between a board member and an employee be permitted for three Quest Governing Board members. A copy of this meeting's agenda and approved minutes are included, confirming that the Quest Board did indeed vote to make the request.

The specific board members that the Quest Governing Board seeks approval to remain on its Board, to include their relationship to Quest employees are:

Jack Fleeman (meeting legal requirement) – spouse of Christina Fleeman, teacher
Board Member Lucas Leavitt (meeting teacher requirement) - spouse of Quest Special Education Aide, Jennifer Leavitt
Board Member Timothy Zeidler (meeting teacher requirement) – spouse of Quest Special Education Aide, Linda Zeidler

The aforementioned Quest Board members were the only respondents to Quest's publically advertised request for potential Board members that met the required categories of members to have experience in legal, human resources, finance, educational, and parent of current enrolled student. The request for replacements was sent via email to all Quest parents, and it was advertised for several weeks on the Quest Preparatory Academy website.

Although Quest Prep is located in Clark County, it is in competition with 356 CCSD public schools that are also soliciting community members to serve on local school parenting committees. Due to the demand for such participation, it is difficult to find volunteers to serve on the Quest Governing Board, and more difficult to find volunteers that will meet the board composition requirements.

There will be no conflict between the aforementioned Board members and their family member employees as the Board does not directly supervise or evaluate these staff members. Should a discussion and subsequent vote be necessary that would directly impact these family members in any way, the aforementioned Board members will abstain from both discussion and voting.

The Quest Governing Board is making a complete and compliant request of the Authority for this request to be placed on the agenda of the next SPCSA meeting. Quest Board members impacted by this request will be present to answer any questions that the SPCSA may have.

Attention to this request is greatly appreciated.

Quest Preparatory Academy Governing Board
September 25, 2015



GOVERNING BOARD MEETING AGENDA

7495 West Azure Drive
Las Vegas, Nevada 89130
www.questlv.com

Governing Board President: Tim Zeidler
Governing Board Treasurer: Steve Barber
Governing Board Member: Bernneta Ford
Governing Board Member: Lucas Leavitt

Governing Board Vice President: Jennifer Anlage
Governing Board Secretary: Jack Fleeman
Governing Board Member: Dempsey Jones III

Wednesday, September 9, 2015 at 6:00PM
Location 7485 West Azure Drive, Las Vegas, NV 89130

Below is an agenda of all items to be considered. Unless otherwise stated, items may be taken out of the order presented on the agenda at the discretion of the chairperson. Public comment will be taken on every action item after discussion but before action on each item, and is limited to three (3) minutes per person. Persons may not allocate unused time to other speakers. To ensure the public has notice of all matters the Board will consider, Board members may choose not to respond to public comments in order to avoid the appearance of deliberation on topics not listed for action on the agenda.

Forum restrictions and order of business: The viewpoint of a speaker will not be restricted, but reasonable restrictions may be imposed upon the time, place and manner of speech. Irrelevant and unduly repetitious statements and personal attacks that antagonize or incite others are examples of public comment that may be reasonably restricted.

Reasonable efforts will be made to accommodate physically handicapped persons desiring to attend the meeting.

Ceremonial Items

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Roll Call**
4. **Public Comment**

Action Items: The Board will hold discussion on the following items. The Board will deliberate and hold discussion on these items. Action may or may not be taken on these items. When applicable, supporting documentation will be provided to the public and be available at www.questlv.com.

5. **Approval of Board Meeting Minutes:** (To be presented by Governing Board Secretary, Jack Fleeman) Discussion and possible action regarding board meeting minutes dated August 25, 2015.
6. **Afterschool Program:** (To be presented by the business owner) Discussion and possible action of accepting the documentation requested for the following Afterschool Programs:



- a. **Trinity Conservatory Performing Arts:** (To be presented by the Owner, Monica Armstrong)
 - b. **Abracadabra Magic:** (To be presented by the Owner, John McPeak)
 - c. **New B.I.R.T.H.H:** (To be presented by the Owner, DeWayne McCoy)
 - d. **Tim's Brick Design:** (To be presented by the Owner, Timothy Nolan)
7. **Signage for the Torrey Pines Campus:** (To be presented by Purchasing, Ken MacRae) Discussion and possible action regarding the permanent sign for the Torrey Pines Campus.
8. **Cleaning Service:** (To be presented by Superintendent, Deb Roberson) Discussion and possible action regarding the use of an outside cleaning service to service each campus after hours.
9. **The Movement of 7th and 8th Grade Students:** (To be presented by President, Tim Zeidler) Discussion and possible action on status of Roberson Campus 7th and 8th Grades, to include review of plans from T. Winsor for a possible expansion of facilities at Torrey Pines campus, discussion regarding necessary steps to maintain compliance with procedures Quest must follow to notify all state and local agencies regarding the board's ultimate decision on this item, discussion of steps for compliance with the process for submitting an application should the board decision on this item require an application to a state and/or local agency, discussion of any recent conversations held with Councilman Ross or any other relevant third party regarding the possibility of maintaining Quest 7th and 8th grades at Roberson campus, discussion about disclosure and transparency to staff and parents regarding the board's decision on this item, and discussion with T. Winsor regarding traffic lights that are a required condition of remaining at Roberson under the current arrangement with the City of Las Vegas.
10. **Relocation of the Business Office:** (To be presented by Controller, Dana Parks) Discussion and possible action of relocating the business office from its current location to the Torrey Pines Campus.
11. **Amendment of Quest Preparatory Academy Charter:** (To be presented by President, Tim Zeidler) Discussion and possible action for the Quest Governing Board to apply to the SPCSA for the approval of an otherwise prohibited familial relationship between board member and an employee. The Board members included in this request are President, Tim Zeidler, Secretary, Jack Fleeman, and Member Lucas Leavitt.
12. **Reconciliation of Chartered for Excellence Foundation and the Bridger Lease:** (To be presented by Legal Counsel, Tracy Truman) Discussion and possible action to reconcile the Bridger Lease with the Chartered for Excellence Foundation.
13. **Installation of data drops for Torrey Pines Portables:** (To be presented by IT Director, Greg Gaylean) Discussion and possible action to install additional data drops to the Torrey Pines Portables.
14. **PA System for Torrey Pines Campus:** (To be presented by Purchasing, Ken MacRae) Discussion and possible action of adding a PA System to the Torrey Pines Campus.
15. **Settlement Agreement with TEQLease and Hertz:** (To be presented by Legal Counsel, Tracy Truman) Discussion and possible action on a settlement agreement between TEQLease, Hertz and Quest Preparatory Academy.
16. **Adjournment**

*This notice and agenda have been posted on or before 9:00 a.m. on the third working day before the meeting. In accordance with section 241.020 (2)(c)(2) of the Nevada Revised Statutes, all of the agenda items are subject to action and disposition by the Quest Academy Preparatory Education Governing Board, unless the agenda item specifically indicates otherwise. In accordance with NRS 241.020 this agenda closes three (3) days prior



to the meeting date and has been posted on the Quest Academy website at www.questlv.com and at the following locations:

1. Quest Preparatory Academy - Alexander Campus at 7550 W. Alexander Ave., Las Vegas, NV 89129
2. Quest Preparatory Academy - Bridger Campus at 1300 Bridger Ave., Las Vegas, NV 89101
3. Quest Preparatory Academy - Roberson Campus at 7485 W. Azure Dr., Las Vegas, NV 89130
4. Quest Preparatory Academy - Torrey Pines Campus at 4660 N. Rancho Dr., Las Vegas, NV 89130
5. Quest Preparatory Academy - Business Office at 7495 W. Azure Dr. Suite #140, Las Vegas, NV 89130
6. Quest Preparatory Academy Website located at <http://www.questlv.com>



Quest Board Meeting September 9, 2015

Board Members Present

President : Tim Zeidler	Vice President: Jennifer Anlage
Treasurer:: Steve Barber	Secretary: Absent
Member: Bernneta Ford	Member: Dempsey Jones
Member: Lucas Leavitt	

1. Meeting call to order : 6:07pm
2. Pledge of allegiance
3. Roll Call
4. No Public Comment

Action Item # 5 – Approval of Board Meeting Minutes previous meeting; Table in Absence of Secretary Jack Fleeman

Action Item# 6 – After school Programs

- A. **Trinity Conservatory Performing Arts:** Presentation Monica Armstrong Not Available
Public comment Ms. Barber, she has verified drug testing and background is valid.
 - B. **Abracadabra Magic:** Presented Mr. John McPeak : presented copied of insurance verification
No Board discussion:
Action taken: Treasurer Steve Barber motions to approve Abracadabra Magic for afterschool program. Member Dempsey Jones Seconds, Unanimously Approved by fellow board Members
 - C. **New Birth:** presenter Dwayne McCoy: presented liability insurance, background, drug test confirmed.
Discussion: Member Leavitt concern student increase level for program
Action taken: Member Levitt motion to accept New Birth as after school Program;
President Zeidler second, unanimously approved by fellow board members
 - D. **Tims Brick Design:** Presenter Timothy Nolan: Presented background check, Mr. Nolan states his information is provided by U.S. first which is only available online for his usage: cannot provide An official copy. As far as limited liability insurance. Mr. Nolan states he was not sure as to the amount and how much. Board has given one day to provide information as requested. Other concerns if Mr. Nolan cannot begin immediately he may need to start after classes.
President Zeidler makes a motion to accept Mr. Tims Brick Designs as long as he provides requested documents
Vote: Four Members Abstain votes
Two: Yea
7. **Signage for Torrey Pines :** Presenter Ken MacRae: **Tabled**
 8. **Cleaning services:** Presenter Superintendent Roberson: Table Idea of outside vendor
No public comment, Vice President Anlage motion to table idea of outside vendor Member Dempsey Jones Second Motion; unanimously approved by fellow board Members

9. **Movement of 7th and 8th graders to Torrey Pines Campus:** Tony Winsor presents Discussion: Torrey Pines - Location may be suitable for moving, a special use permit must be filed, two months before a hearing with building department. It will take three months for permits to be granted. Would need to come to terms with lease agreement. He would need to speak with Councilman Ross concerning special use permit. Superintendent presented notes from building department,

Mr. Winsor argues the notes was created after the Thursday and Monday morning meeting before Tuesday morning planning commission meeting. **Mr. Winsor** states he is not going to Build a new building if can't provide accommodations. **Mr. Winsor** wants to know why Councilman Ross has come up with moving students. **Mr. Winsor** states he met with Mr. Ross two months before process of Rancho building began. States everyone was happy about Roberson campus no complaints.

Member Levitt ask if Torrey Pines would be an option for 7th and 8th graders By January 2016 Per Mr. Winsor: City will not produce what is needed by January

Vice President Anlage ask if can't build building, can anything portable be added.

Mr. Winsor states city will not allow, it is required 1 building 4 portables. Which special use Permits will take 2 months to obtain and 3months for planning commission.

Treasurer Steve Barber ask: If proceed per plan remove portables per original plans would we currently be able to build and remove portables.

Mr. Winsor response if signed agreement with original contract then an amendment would need to be processed

Superintendent Roberson suggest to go back to council Ross advice move is impossible and possible look for another building.

Mr. Winsor, request to meet with board members to iron out all details concerning what is needed for such a move.

Superintendent Roberson; response we need a plan for our kids to go.

Public comments: 1. **Mr. Colquitt Roberson site administrator**, he has had only had one complaint and from tire company stating parents are parking off site waiting for children. Positive relationship have been establish with other neighbors.

2. **Wendy Siedlecki-** Torrey pines permit was done in two months can we push through, as verifications of what Mr. Winsor stated concerning permits

3. **Terry Barber speak as parent:** She is willing to go before board on behalf of Kids.

4. **Member Levitt:** recommends double sessions for schools if have to move students

5. **Member Ford:** response who are we depending on Mr. Tony Winsor? No matter what We still need a plan and permits

6. **Mr. Winsor:** suggest let's put people together for meeting with Mr. Winsor and his partners and construction crew on 09/10/2015 at 7pm

7. **Kimberly Gross:** site administrator for Torrey Pines: states moving children compromises the quality of education and alternative location is needed. Someone should continue in their approach to Councilman Ross and consideration on getting permits as needed.

President ZEIDLER questions Mr. Winsor concerning flashing lights for Roberson Campus.

Mr. Winsor states a daily report has been forwarded to councilman Ross, received permits two or three weeks ago. (Note: not sure what permits he was speaking of)

10. **PA system for Torrey Pines:** Presenter Mr. MacRae, Called three companies only received one bid after 2:00pm. Second company not sure what to do and fourth and fifth company will be notified. Will have report in two weeks
PA system tabled.
11. **Athletic trainer for 2015-2016 school year:** Per Superintendent Roberson believe we have staff.
12. **Homecoming event Roberson Campus:** Mr. Colquitt , recommends to be held at Trey pines campus due to open space.
Discussion: Attorney Tracy Truman; questions concerning security, traffic, and chaperon
Mr. Colquitt states there is five to six teachers as chaperons, there will be a shuttle to Torrey Pines, and they have top flight security-Teachers, it will be about 30 children
Superintendent Roberson recommends the full-time security guard at Torrey Pines Ms. April to be present at event.
Public Comment: Ms. Barber Human resource Director: Willing to pay Roberson High school security and Torrey Pines security overtime for event
No further board discussion
Treasurer Steve Barber Motion to accept homecoming dance to be held at Torrey Pines Location
Member Dempsey Jones second, unanimously approved by board members
13. **Relocations of business office:** Tabled: Ms. Dana is ill not able to present
Attorney Tracy Truman states: He had a discussion with landlord, mentioned sublease ends November 17, 2015, sublease operating month to month is not correct. Lease does not end until 2017
President ZEIDLER calls Mr. Tony Winsor to table, Mr. ZEIDLER proposes if we sublease would we be able to work with him to get out of lease.
Mr. Winsor ask if this questions could be address in meeting tomorrow.
14. **Reconciliation of Chartered for Excellence :** Tony Barney Representing for Charter for Excellence(Absent)
Per Attorney Tracy Truman: CFE owes school \$150.000 Mr. Barney was to go back and look at records. Auditor may discovers something then maybe we can do so reconciliation –We will still owe CPE something on lease. Suggestion is to figure out how to pay and what terms, how we go about making payments. **No Further discussions**
15. **Installation of data drops for Torrey Pines:** Per Superintendent Roberson at this time working with Mr. Winsor for phone access and IT issue of drops is being worked on at this time.
No further discussion
16. **Settlement agreement with TEQlease and Hertz,** presenter Legal Counsel Tracy Truman:
Finance company wanted to be lease table chairs etc. TEQlease found difference in lease for Financing to Hertz. Hertz was being paid form Tech lease. Quest made two payments. Hertz became finance company. Hertz has litigation against Tech Lease. Quest is paying Hertz what was previously given to Tech lease. Approval is requested for the agreement between Quests

And Hertz and President Zeidler to sign.

Discussion: Superintendent Roberson, states the amount of money not charge has been set aside to make payment

Action: Motion initiated by Treasurer Barber to settlement agreement Between Quest and Hertz which will require signature of President Zeigler. Motion Second by Member Leavitt, Unanimously approved by fellow board members.

17. **Dates and Times of Governing Board Meeting for 2015-2016 school Year:** Vice President Anlage recommends Meetings to be held twice a month, Last Thursday of month unless holiday is Thursday prior.

Member Levitt Recommends a conference line be set up for if board member cannot physically attend meeting. To include parents who may want to conference in as well.

Public comment: when will this start?

Superintendent Roberson: States why choose the third week instead of last from 6:00pm instead of 6:30pm

Public comment: Stephanie Brown (assistant administrator Roberson Campus) recommended to postpone change of board meeting

Kimberly Gross: recommended to start new board meeting on October

Action: President Zeidler motions to start new board meeting last Thursdays of the month beginning October, unless it falls on holiday then meeting will be on 3rd Thursday. Member Levitt second the motion, unanimously approved by fellow board members.

18. Amendment of Quest preparatory Academy Charter: **Superintendent Roberson** to make a request to SPCSA board for approval of Familial relationships. It is recommended to ask board permission to write up a presentation to Authority board.

Legal Counsel Tracy Truman: Requirements to make request. Governing board must submit letter request votes to make the request to allow familial letter must be offered by board and with resolution to that effect and submit minutes to document motion.

Treasurer Steven Barber makes a motion to make a request to submit a letter of request to SPCSA to adopt resolution to that affect and letter drafted to be signed by entire board.

President Zeidler Second the motions, unanimously passed approved by fellow board members.

19. Adjournment

Doral Academy of Northern Nevada

Charter School Application Recommendation Report

Summary

School Name

Doral Academy of Northern Nevada

Mission

Doral Academy of North Nevada is dedicated to creating an enhanced and engaging educational experience. Doral will provide an academically challenging learning environment with a strong emphasis on arts integration teaching strategies which will increase literacy, cognitive, and social development. Teachers, parents, students, and staff will establish and achieve individual student goals to build a foundation for all Doral Academy students to be college and career ready.

Proposed Location

Washoe County

Enrollment Projections

Opening Year	School Type	Opening Grade(s)	Projected Enrollment
Year 1	Elementary	K-6	460
Year 2	Elementary/Middle	K-7	545
Year 6	Elementary/Middle	K-8	720

Overview

The Recommendation Report for Doral Academy of Northern Nevada is a summary of the evidence collected by the State Public Charter School Authority (SPCSA) through its interviews and dialogue with the applicant group, review of the school's Charter Application Proposal along with an analysis of performance data for other charter schools implementing the same academic model.

A recommendation to approve a charter for a six-year period is based on a comprehensive review of the proposal, performance data for replicated schools, the applicant capacity interview, follow-up discussion with applicants, and—where possible—site visits, guided by three essential questions:

1. *Will the academic program be a success?*
2. *Will the school be an effective and accountable organization?*
3. *Will the school be fiscally sound?*

This report is structured around three sections: Academic, Fiscal, and Organizational. Each section contains an overview of key findings based on a the totality of the evidence and concludes with the Authority’s determination on each of the three guiding questions.

Recommendation

Overall Recommendation

Approve with Significant Conditions to be Addressed Prior to Execution of Charter Contract

Summary of Application Section Ratings

Rating options for each section are Meets the Standard; Approaches the Standard; Does not Meet the Standard

Section 1. Executive Summary

- Meets the Standard

Section 2: Meeting the Need

- Approaches the Standard

Section 3: Academic Plan – Mission & Vision

- Meets the Standard

Section 4: Academic Plan – Curriculum & Instructional Design

- Approaches the Standard

Section 5: Academic Plan – Driving for Results

- Approaches the Standard

Section 6: Academic Plan – At-Risk Students and Special Populations

- Meets the Standard

Section 7: School Structure: Culture

- Meets the Standard

Section 8: School Structure: Student Discipline

- Meets the Standard

Section 9: School Structure: School Calendar/Schedule & Day in the Life & Scenarios

- Approaches the Standard

Section 10: Operations Plan– Leadership Team

- Meets the Standard

Section 11: Operations Plan – Staffing & HR

- Approaches the Standard

Section 12: Operations Plan – Scale Strategy

- Meets the Standard

Section 13: Operations Plan – Student Recruitment and Enrollment

- Approaches the Standard

Section 14: Operations Plan – Board Governance

- Approaches the Standard

Section 15: Operations Plan – Incubation Year Development

- Meets the Standard

Section 16: Operations Plan – School Management Contracts and Services

- Meets the Standard

Section 17: Operations Plan – Facilities

- Meets the Standard

Section 18: Financial Plan

- Meets the Standard

Should the Authority Board approve the application on the condition that the areas of improvement identified by addressed to the satisfaction of staff prior to the execution of the charter contract, those non-material revisions will move each element of the application to Meets the Standard.

Academic

Performance Data:

For applicants seeking to replicate an existing model—whether as a direct charter management organization applicant, a committee to form partnering with a non-profit or for-profit education management organization, or a committee to form which seeks to independently replicate, primary consideration must be given to the academic track record of the model.

Staff reviewed Doral academic performance data provided by the applicant and verified it via spot checks of publicly available information. No inconsistencies were found. Staff also supplemented the supplied data with a review of other publicly available data. The findings are below:

- Under Florida's school grading system, four of the five Doral Academy schools in Florida were rated at the A level in 2012-13 and 2013-14. The other school, a high school, was rated at a B in both years. It is important to note that 2014-15 data is not yet available. Moreover, the state passed a law in 2014 modifying its school rating system in light of other changes to the accountability system so future scores may not be directly comparable with past scoring.
- Under the Nevada School Performance Framework, the Doral Academy in Clark County is currently rated as a 5 star elementary school and a 4 star middle school. It is important to note that due to the "pause year," this data is actually from the 2013-14 academic year.
- The school was ranked as Adequate on the 2013-14 SPCSA Academic Performance Framework.
- Due to the 2015 Nevada statewide testing irregularity, there will be no growth data with which to calculate either an NSPF Star rating or an SPCSA Academic Performance Framework rating based on statewide testing data until no earlier than the fall of 2018.

Conclusion: The proposed academic model has a strong track record of academic performance in both Florida and Nevada. While high achieving, the Nevada implementation was providing a level of academic results which was on par with, but did not exceed those of its sending schools in 2013-14.

Areas of Strength:

As noted above, the applicant has selected a model with a strong track record of academic success. The applicant has a strong understanding of what it takes to oversee a successful academic program and has articulated systems to oversee the implementation of the model. In response to feedback and areas of concern, the applicant has amply demonstrated a growth mindset and a capacity and desire for continuous improvement. The applicant has taken and has already begun acting on feedback provided during the capacity interview and follow-up discussion and questions in key areas of the academic plan.

Key strengths include:

- The mission and vision were consistently stated.

- The mission is clearly aligned with multiple statutory purposes.
- The four part educational approach described under Transformational Change is clear and consistent with the mission and vision.
- The curriculum and pedagogy are replications of the successful Doral Academy design and program in two states (Florida and Nevada).
- Experience from Doral Inc. partner schools is strong (multiple schools at various stages of existence in two states) and positive, if not fully leveraged in application narrative.
- Arts Integration is supported by professional development, a phase-in schedule, and a coach, as well as a hiring process designed to find teachers who have an interest in arts.
- School calendar and schedule in alignment with requirements, with additional week of PD for staff, and flexibilities for interventions/remediation.
- The Day in the Life scenarios, while not entirely responsive, were compelling student and staff testimonials about life at a Doral Academy partnership school and represent a clear leveraging of the partnership experience to strengthen the application.
- The applicant's description of the school culture was very strong, capturing both the details of the approach and the spirit behind the approach equally well.
- The description of concepts like "fail forward" and values like diversity of learners and perspectives and the emphasis collaboration were strongly depicted in some sections—emphasising those themes more broadly would have added far greater depth and substance to earlier sections if integrated to responses on Curriculum and Instruction, Driving for Results, etc.
- Thoughtful role of school Transition Teacher Leader to support new students.
- Case study scenarios were useful responses to applicant thinking and expertise.
- Core curriculum programs in English Language Arts, Math and Science are identified and are consistent with other Doral schools.
- Sound instructional practices are listed for instruction.
- Social emotional and elective subject programs offered to meet whole child learning needs.
- Plan for developing scope and sequence and pacing guides with teachers and PD support from affiliated partner, Doral Academy.
- Describes use of data, differentiated instruction based on data, and RtI program.
- All elements needed for a strong data driven culture are available to DANN, if not fully described in context for a coherent and compelling argument.
- A detailed plan for the frequent monitoring of students who fall below grade level is included.
- Demonstrated awareness in the application of state expectations and compliance responsibilities for special populations.
- Strong processes for collaboration between special education teachers and general education teachers are defined.
- Strong processes for monitoring language proficiency (ELLs) including ongoing monitoring of up to 2 years after a student has passed language proficiency benchmarks.
- The approach to transitioning new students at the elementary level ensures new arrivals quickly develop relationships with adults and students.
- The School Wide Positive Support Program, positive behavior systems, and alignment with RtI approach and vision was consistently strong.
- A process to intentionally integrate student achievement data, RtI structures, and student discipline approaches are evident.

Areas for Improvement:

- External reviewers commented that the academic sections of the (and other sections) application was reminiscent of those filed by some northeastern charter school networks, in that the application did not represent well the true strengths and performance of a proven program. Much was left unsaid or insufficiently discussed that might easily have been included based on experience and demonstrated track record of results.
- Several academic responses either copied or simply restated content previously provided. For example, the consistency between the mission and vision sections and the section on transformational change is of a “cut and paste” or restate the idea variety. As a result, there was insufficient development of ideas under the transformational change portion of the mission and vision section. In that and other sections, the reviewer was essentially left re-reading content which had been provided above and was expected to infer how that information was responsive to the prompt instead of the applicant taking the time to craft a thoughtful answer to the question posed which built upon, but did not duplicate, previously provided content.
- The applicant recognized during the capacity interview that it did not fully complete a table with goals for monitoring first year progress (page 46 of doc; app paginated p 42) on the grounds that baselines would be set at start of school year. However, goals could have been set either based on experience with interim assessments used in Florida and Nevada by Doral schools *or* based on a fractional reduction of whatever the gap is (1/3 or ¼, for example). Punting on an goal-setting exercise is unacceptable—highly effective schools have goals in place prior to the first year of operation; aggressively communicate them to leadership, staff, and students during recruitment and pre-opening; modify them if necessary based on preliminary baselines; and performance manage the school towards achieving them. The applicant readily agreed that this was a growth opportunity.
- As the applicant acknowledged during the capacity interview, the alignment between these goals and the goals mandated in the Authority academic performance framework is unclear and this is an area for additional focus and growth. The goal-setting exercise should result in internal goals which are internal leading indicators towards the achievement of the Authority growth and status targets and which meet or exceed the academic growth of nearby traditional public schools. Any mission-specific goals may not conflict with or undermine those articulated by the Authority and NDE. Rather, they should either exceed or supplement them.
- The goals articulated were inconsistent and incomplete. In the academic goal table (doc pages 44-45; app pagination 40-41), reading is missing from goal one in most columns (note on emphasis on math doesn’t mean reading shouldn’t have a goal); goal two lists interim assessments but doesn’t provide goals for them; goal three, which according to narrative uses the listed interim assessments, doesn’t identify the interim assessments or set goals for them, which, as per above, could have been based on Doral network experience with these assessments in FL and NV or an informed fractional reduction.
- All of Doral’s previous academic performance was measured under the old assessment system and the school’s track record, while strong, is limited and will be for some time due to assessment changes and structural challenges outside of the control of the school. The Authority was unable to review and publicly available or embargoed data demonstrating a lengthy track record with a

similar population from which is could begin to evaluate the effectiveness of the model under the Common Core/NACS. Based on a review of third party-evaluations of the instructional materials chosen by the school, it is unclear whether they are sufficient on their own ensure that the core academic programming will lead to student mastery of the Common Core State Standards, which is at the heart of the NACS, unless they are supplemented and modified extensively. Based on the capacity interview, follow-up discussions with the applicant and the EMO, and past site level observations of the existing Nevada Doral implementation, it appears that at least some supplementation and modification is occurring, but this is not sufficiently addressed in the application. Given the demand placed on teachers who will work at DANN to execute on the school's goals (arts integration, ongoing assessment creation and monitoring, differentiation, etc.), it is unclear from the narrative how teachers will be able to effectively modify and supplement the program to meet the demands of the standards.

- There is a clear emphasis on the 'how' of teaching students who attend DANN. The applicant describes a plethora of instructional strategies, but the founding team has not connected them to a well-articulated plan for 'what' students will learn, aside from stating curriculum and future plans will be 'aligned' to the Nevada Academic Content Standards (NACS) and Next Generation Science Standards (NGSS). At present, the long list of instructional strategies doesn't appear to be an intentional choice made to drive mastery of the content. For example, it is unclear from the narrative when the 'Tableau' strategy aligns well to the development of student understanding a given part of a text – and when is it is not the best strategy to choose, given the objective.
- Based on the capacity interview, it is clear that the applicant group proposes to continue the Doral's model's history on strong, autonomous school leaders who have significant discretion over academic programming and curriculum selection. The applicant indicated that principal will have significant input into curriculum selection and will have discretion to supplement or modify the board-selected curricula to ensure that he or she is fully invested in the academic program and that the program fully meets the new standards. This embrace of flexibility and autonomy is a hallmark of the Doral model, but it also raises replication risks which are mitigated by a standards-based approach to designing a school-wide curriculum which more agnostic to commercially available instructional materials.
- While the applicant states that the content and curriculum will be aligned to the Common Core and NACS, the applicant does not demonstrate alignment. While it is not necessary to align every strategy to every standard, the academic plan should demonstrate how the content of the standards drives the instructional and curricular choices. Due to the aforementioned curriculum choices and the interim assessment choices and the strategies described in the application, there does not appear to be a cohesive academic plan articulated in the narrative despite ample evidence of one in practice. This raises some replication risks, particularly for a governing body and school leader in a new geography which will not be able to "pop-in" to another Doral school as easily as a new Las Vegas campus. Consequently, the applicant will need to demonstrate alignment of the school's academic program to the standards through a strong draft of a vertically and horizontally aligned scope and sequence and associated instructional strategies prior to issuance of the charter contract. The school will be able to use that set of documents as a foundation for the final scope and sequence and pacing guides developed by leadership and teachers during pre-opening.

- The applicant's response to the question about creating and implementing a strong school culture provided a compelling description of the future state of a school which has operating for some time. This provided some helpful insights in the ongoing development of school culture, but it doesn't answer the full question. The response seemed to answer the second sentence of the prompt but not the first. The applicant will need to supplement that answer to address the steps taken to create that culture in a start-up school. It is unclear what pre-opening activities for staff and students and parents will help establish this culture. The applicant will need to describe the launch year practices will nurture the culture's implementation.
- The response to the query as to how the school plans to align staff and students around high expectations for student behavior cited a strong research base for the behavior plan and briefly discussed work on behavioral protocols prior to DANN's opening but didn't address fully how the school will align staff around high expectations. It is unclear what aspects of pre-opening professional development, the use of the school's mission, vision and values, and specific themes/foci around expectations will support staff alignment around high behavioral expectations. Getting adult culture and expectations right at the beginning is essential to driving school-wide culture, student behavior, and student outcomes. Based on existing Doral implementations, this is an area of strength that is not sufficiently explicated in the narrative.
- Additional narrative content related to school culture suggests that an effective school culture can be measured by other factors in addition to satisfaction surveys but the narrative doesn't categorically state whether the school would use retention data or identify other kinds (attendance data, discipline data, etc.) that might or will be used. It is unclear what other data beyond feedback surveys will be used by DANN staff and administrators to inform the board, parents, and the public that it has an effective school culture.
- The narrative doesn't address the school's overall support for student social emotional needs. While it concentrates on intervention support (i.e. check in/check out mentoring), it is unclear what the school's overall approach to supporting social emotional development will be. Given the significant public policy emphasis on cultivating and maintaining a safe and respectful learning environment, a clear discussion of the overall strategy and implementation plan for supporting social emotional development is necessary.
- There were multiple missed opportunities for the applicant to leverage the replication and management partners' experience with using data generally, including Nevada-specific data, e.g. results from interim assessments, making responses underwhelming where they might have been compelling. The purpose of an application is for applicants to demonstrate experience, competence, and vision. Declining to seize the opportunity to bring these attributes to responses so they are specific, coherent, and cumulative in marrying program and practice to reality leaves the reader with some responses that are superficial and where jargon substitutes for expertise. The track record of the model is not done justice by the narrative.
- The compelling student voice content in the Day in the Life scenarios needs to be supplemented to ensure that the question posed is fully and explicitly answered.
- The applicant group has an evolving awareness of state expectations and compliance responsibilities for special populations and will need to more depth of knowledge both to address parent and community questions regarding the school's services for ELLs, special education students, and gifted students and to hold the management company and principal accountable.

While arts integration is indeed one effective strategy for meeting the needs of diverse learners, the heavy compliance obligation on schools and the risk of sanctions or litigation due to parent or community misunderstanding is quite real.

Essential Question: Will the academic program be a success?

Yes. The academic program outlined in the application is consistent with the core elements of the successful Florida and Nevada implementations. The application, capacity, interview, and follow-up discussion with members of the applicant team effectively articulate an academic program which can be successful with northern Nevada students. The applicant and the model have demonstrated capacity for continued academic growth and a clear focus on continuous improvement. To that end, staff has identified areas of improvement which should be addressed by the applicant to the satisfaction of staff following board approval and prior to the issuance of the charter contract.

Should the board approve the application based on the totality of evidence related to all three domains, staff proposes to work with the applicant to address the areas for improvement prior to the formal issuance of a charter contract by the Director based on this approval.

Organization

Performance Data

For applicants seeking to replicate an existing model—whether as a direct charter management organization applicant, a committee to form partnering with a non-profit or for-profit education management organization, or a committee to form which seeks to independently replicate, consideration must be given to the organizational track record of the model. For models with a current Nevada presence, the primary criteria will be performance within the Nevada legal and regulatory context. For models which are not currently implemented in Nevada, the criteria will be performance within the context of the home state's legal and regulatory context.

Doral Academy of Nevada, the southern Nevada charter holder implementing the model, has had no Notices of Concern or Notices of Breach for organizational performance. The current charter holder is viewed as collaborative and responsive to feedback and inquiries.

Conclusion: The proposed organizational model has a strong track record of organizational performance in Nevada and has been effectively adapted to meet the needs of the Nevada context while continuing to deliver strong academic results.

Areas of Strength:

As noted above, the applicant has selected a model with a strong track record of organizational success. The applicant has a strong understanding of what it takes to oversee an effective and accountable organization and has articulated systems to oversee the implementation of the model. In response to feedback and areas of concern, the applicant has amply demonstrated a growth mindset and a capacity and desire for continuous improvement.

Specific Strengths include:

- The proposed governing body includes all statutorily-required areas of experience and includes individuals with significant backgrounds in fundraising, business management, and education. Several members of the committee to form have prior governance experience and have had direct experience managing large budgets with direct profit and loss responsibility.
- While there is some lack of clarity regarding the role of the regional director/school executive director (see below under Areas for Improvement), the candidate identified has knowledge of Nevada's education context, state and local contacts, and charter and traditional district school experience.
- The school has ready access to national Doral partnership expertise and support for leadership training and local Academica Nevada personnel for state-specific HR and recruitment support.
- The discussion of school personnel support, development, and evaluation is detailed and clearly identifies key human capital development strategies and practices.
- The school provided clear procedures for hiring and dismissing school personnel, including conducting criminal background checks, which delineated almost all major responsibilities.

- There is evidence of a sound plan and experience base for recruiting students with outreach efforts reaching to door-to-door level. This was supported by clear expressions of intent to undertake grassroots outreach to parents and families during the capacity interview and subsequent interactions.
- The applicant clearly identified a need for board training in the capacity interview and in follow-up conversations.
- The discussion of the incubation year and the attached implementation timeline are clear and concise.
- The discussion of management contracts and replication agreements and the associated attachments are clear and respond to prompts. It was helpful that the responses included not only discussions related to the experience and expertise of Academica Nevada but also the other Doral programs, demonstrating the value of the network effect. Additional content on the support and expertise of the Doral affiliate in other sections would have bolstered those narratives.
- Responses in the facilities section were clear, concise, and informed by experience and expertise derived from partners and partner relationships (i.e. Turner Agassi).

Areas for Improvement:

- The staffing chart lists the Regional Director as a school position, while an earlier portion of the narrative describes the regional director role as also serving as the school's executive director. It is unclear why there are two titles. Additional clarity on the plan for the two roles long term the implications of the staffing and operating plan is necessary. The relationship of these dual roles (regional director for partnership and executive director for school) in several sections warrants greater detail, clarification, or editing.
- The applicant doesn't provide a pre-opening recruiting and hiring timeline for teachers.
- The salary table identifies counselor and instructional coach as optional. It is unclear what this means. The earlier staffing chart shows counselor starting in year 3—perhaps a year late for middle school but definitely a role from year 3 on. The staffing chart also shows an instructional coach being hired in year 1 and identifies the arts integration coach is discussed throughout application. The school's staffing plan should be modified to ensure consistency and, as discussed during the capacity interview, appropriate consideration should be given to which roles are essential from inception to ensure a high quality academic environment and a safe and respectful learning environment. To the degree that the founding team has struggled with tradeoffs between different priorities, additional narrative reflecting the rationale for difficult decisions would also be helpful. As noted during the capacity interview, the school is considering fundraising to permit it to afford the counselor beginning in year 1 but is not assuming that it will be able to raise such funds for the purpose of budgeting. Given the critical role of the right adults in the right seats to start off a strong academic and student culture from inception, the founding team may want to consider whether there are other areas which could be cut in order to fully fund key staff roles they have prioritized from the beginning.
- The transition teacher leader mentioned earlier in application isn't shown in the staffing or salary charts. It is unclear if the transition teacher leader is a responsibility of another staff member or a separate position? It is difficult to determine from the narrative whether this will be a set of tasks to be filled by one or more people over multiple years or if these responsibilities might evolve into a distinct role as the school grows in size.
- The discussion of the relationship between senior administration and general staff was responded to as a question about personal relationships in the workplace instead of a question about the nature of the professional relationship. It is unclear whether the school will have a collaborative or

hierarchical relationship between senior administration and staff and whether it will feature shared decision-making or executive decision-making?

- The discussion of the procedures for hiring and dismissing personnel includes an unclear response in its third bullet, stating applicants must “either submit a comprehensive resume, past evaluation (if available), and letters of recommendations”. It is unclear why the “either” is present, given the “and.”
- The discussion of the support, development, and evaluation of the school leader focuses on the principal but it not clear where role the regional director/school executive director plays and whether this individual is evaluated by the Board. It could be inferred, for example, that the RD/ED evaluates the principal and Board evaluated the RD/ED. While the attachments suggest a facilitating role, is unclear who evaluates whom from the narrative.
- In the discussion of scale strategy, it is unclear if the applicant intends to submit subsequent charter amendment requests to add additional sites or if this is intended to be a single site for the full six year charter term.
- The questions related to scaling the implementation of the academic model and lessons learned from other geographies were answered from the perspective of Academica Nevada. While those answers were informative, they do not get at the heart those questions, which focuses on scaling the school/business model for a Doral school.
- The table dividing up areas of decision-making influence and responsibility uses the title of Principal and doesn’t include the role of Regional Director / Executive Director in the School Leader Decision Making column—the application narrative would benefit from greater clarity around the Regional Director / Executive Director role and its connection to principal.
- During the capacity interview and subsequent conversation, the applicant recognized that the open enrollment period is insufficient to permit a diverse population to take advantage of the enrollment opportunity prior to the lottery. Such narrow enrollment windows have been deemed discriminatory in other states. New Nevada statutes require a minimum notification period of 45 days followed by an enrollment period of 45 days prior to the date of lottery to ensure that all parents have sufficient time to be notified, research the opportunity, and apply to the school. While a sponsor may waive the 45 day enrollment period for good cause, e.g. a small school with a tight implementation timeline between charter approval and opening, such a waiver is unnecessary for a school which will open in 2017.
- The applicant directly or indirectly addressed outreach to all at-risk student populations requested except for students with disabilities. While the members of the committee to form expressed a strong commitment to enrolling and serving students with disabilities, is unclear what the plan is for ensuring the parents of students with disabilities know DANN is a welcoming place for them.
- As noted previously and complementing a subsequent recommendation, additional board training, included talking points on the school’s approach to serving students with disabilities in ways that meet both the letter and spirit of the law and how it will meet a broad continuum of needs, is essential to ensuring that parents and staff know that the entire school, including the governing body, is welcoming to diverse learners.
- The applicant did not identify re-enrollment targets as requested in the application.
- The responsibility for reporting to and interacting with the board focuses on the school principal and Academica Nevada. It is unclear from the narrative if the partnership organization, Doral Academy Inc, or the Regional Director/Executive Director, will also interact with the board or provide board-level reports or support. Parents and members of the general public who review this section to learn more about how the board functions and meets should have a clear sense of who performs what roles for the board.
- The board goals section could be improved by revising goals to be measurable: five out of eight have no outcome measure, while the other three are time centered.

- The discussion of the removal of board members doesn't link removal to failure to meet specific goals or expectations. It is unclear if a board member can be removed for any reason or if there are specific justifications. This is an important enough issue to be addressed in the narrative and detailed in the bylaws.
- The incubation year attachment identifies roles and responsibilities for the Doral affiliate and mentions the Regional Director position, but these roles and responsibility are not reflected in the narrative. Consistency and clarity in this relationship and in the RD/ED role would make the application stronger.

Essential Question: Will the school be an effective and accountable organization?

Yes. The organizational program outlined in the application is consistent with the core elements of the other successful implementations. The application, capacity, interview, and follow-up discussion with members of the applicant team effectively articulate an organizational plan which can be successful with northern Nevada students. The applicant group has embraced feedback and committed to additional charter school board development training following charter approval to supplement their existing expertise.

Fiscal

The applicant budget is designed primarily as a performance task to evaluate the applicant's ability to design a budget which accurately reflects the Nevada context, contains reasonable expense assumptions which are correctly calculated, and incorporates the personnel and operating costs specific to the academic model. While many of these assumptions and priorities will serve as the basis for the operating budget adopted by the governing body, is not intended to contractually bind the applicant to a specific set of revenues or expenditures.

Performance Data

For applicants seeking to replicate an existing model—whether as a direct charter management organization applicant, a committee to form partnering with a non-profit or for-profit education management organization, or a committee to form which seeks to independently replicate, consideration must be given to the financial track record of the model. For models with a current Nevada presence, the primary criteria will be performance within the Nevada legal and regulatory context. For models which are not currently implemented in Nevada, the criteria will be performance within the context of the home state's legal and regulatory context.

The applicant provided financial data, including audited financial statements, for other schools implementing the academic program and for other schools which receive financial management services from Academica Nevada, the applicant's chosen education management organization. Staff also supplemented the supplied data with a review of previously produced financial frameworks for the southern Nevada Doral implementation and other Nevada charter schools which partner with Academica Nevada.

The 2013-14 independent audit report for Doral Academy of Nevada (the Las Vegas charter holder) shows that their financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate remaining fund information, and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America. The auditor's consideration of internal control over financial reporting did not identify any deficiencies in internal control considered to be material weaknesses. Multiple years of similarly strong audit results were furnished for Pinecrest Academy of Nevada and Somerset Academy of Nevada, two other Nevada charter holders which contract with Academica Nevada for financial management services. As the Florida-based Doral Academy model receives services from a separate, Academica-affiliated financial management company which is legally and operationally separate from the Nevada finance office, the review of audit results from those schools was not emphasized, though review of publicly available data indicates similarly strong financial performance compounded with a significantly longer operating history and a different state financial support system for schools. Due to the differences between Nevada and Florida's school funding systems and school finance laws and regulations, the results may not be directly comparable.

Conclusion: The proposed financial model has a strong track record of academic performance in both Florida and Nevada and has been effectively adapted to meet the needs of the Nevada context while continuing to deliver strong academic results.

Areas of Strength:

- The budget assumption narrative was clear, concise and appeared to be based on conservative assumptions and support from the existing Doral Nevada implementation and Academica Nevada's experience and expertise.
- The applicant self-identified an incorrect assumption without prompting and addressed it both prior to and during the capacity interview, noting that the budget needed to be revised because the medical benefits were assumed to calculate monthly not annually. "Since the budget from the state calculated medical benefits annually and not monthly our budget was short over \$100,000 in our first year of operation for medical benefit payments to employees." The applicant also communicated that this expense reduction might permit it to make additional personnel and operating investments.

Areas of Weakness:

- While the applicant caught the error above and addressed it proactively, more careful vetting of the application budget might have caught the mistake prior to submission. Moreover, a more thorough review earlier in the process might have permitted the applicant to add in key personnel the committee to form felt compelled to cut or defer to out years, including the counselor.
- The Board is expected to select and retain an independent auditor to provide an annual audit of the school. Consistent with the SPCSA's expectations of other Nevada charter schools, it is important that the charter application make it explicit that the Board has sole authority to make that decision and that the auditor reports to the board, not to staff or to the EMO. Additionally, the SPCSA expects Boards that contract with an EMO to select an auditor that is different from the firm utilized by other client Boards or the EMO itself. These provisions should be made explicit in the charter application.

Essential Question: Will the school be fiscally viable.

Yes. The budget and operating plan outlined in the application is consistent with the core elements of the successful Doral Las Vegas implementation and other Academica Nevada clients. The application, capacity, interview, and follow-up discussion with members of the applicant team effectively demonstrated a strong business plan which will result in a financially viable school.

Legacy Traditional School – Henderson

Charter School Application Recommendation Report

Summary

School Name

Legacy Traditional School – Henderson

Mission

Legacy Traditional School – Henderson’s mission is provide motivated students with the opportunity to achieve academic excellence in an accelerated, back-to-basics, safe learning environment taught by caring, knowledgeable and highly effective educators in cooperation with supportive, involved parents.

Proposed Location

Clark County

Enrollment Projections

Opening Year	School Type	Opening Grade(s)	Projected Enrollment
Year 1	Elementary/Middle	K-8	1200
Year 2	Elementary/Middle	K-8	1200
Year 6	Elementary/Middle	K-8	1200

Overview

The Recommendation Report for Legacy Traditional School – Henderson is a summary of the evidence collected by the State Public Charter School Authority (SPCSA) through its interviews and dialogue with the applicant group, review of the school’s Charter Application Proposal along with an analysis of performance data for other charter schools implementing the same academic model.

A recommendation to approve a charter for a six-year period is based on a comprehensive review of the proposal, performance data for replicated schools, the applicant capacity interview, follow-up discussion with applicants, and—where possible—site visits, guided by three essential questions:

- 1. Will the academic program be a success?*
- 2. Will the school be an effective and accountable organization?*
- 3. Will the school be fiscally sound?*

This report is structured around three sections: Academic, Fiscal, and Organizational. Each section contains an overview of key findings based on a the totality of the evidence and concludes with the Authority’s determination on each of the three guiding questions.

Recommendation

Overall Recommendation

Approve with Significant Conditions to be Addressed Prior to Execution of Charter Contract

Summary of Application Section Ratings

Rating options for each section are Meets the Standard; Approaches the Standard; Does not Meet the Standard

Section 1. Executive Summary

- Approaches the Standard

Section 2: Meeting the Need

- Approaches the Standard

Section 3: Academic Plan – Mission & Vision

- Approaches the Standard

Section 4: Academic Plan – Curriculum & Instructional Design

- Approaches the Standard

Section 5: Academic Plan – Driving for Results

- Meets the Standard

Section 6: Academic Plan – At-Risk Students and Special Populations

- Meets the Standard

Section 7: School Structure: Culture

- Meets the Standard

Section 8: School Structure: Student Discipline

- Meets the Standard

Section 9: School Structure: School Calendar/Schedule & Day in the Life & Scenarios

- Meets the Standard

Section 10: Operations Plan– Leadership Team

- Meets the Standard

Section 11: Operations Plan – Staffing & HR

- Meets the Standard

Section 12: Operations Plan – Scale Strategy

- Meets the Standard

Section 13: Operations Plan – Student Recruitment and Enrollment

- Meets the Standard

Section 14: Operations Plan – Board Governance

- Approaches the Standard

Section 15: Operations Plan – Incubation Year Development

- Meets the Standard

Section 16: Operations Plan – School Management Contracts and Services

- Approaches the Standard

Section 17: Operations Plan – Facilities

- Meets the Standard

Section 18: Financial Plan

- Approaches the Standard

Should the Authority Board approve the application on the condition that the areas of improvement identified by addressed to the satisfaction of staff prior to the execution of the charter contract, those non-material revisions will move each element of the application to Meets the Standard.

Academic

Performance Data:

For applicants seeking to replicate an existing model—whether as a direct charter management organization applicant, a committee to form partnering with a non-profit or for-profit education management organization, or a committee to form which seeks to independently replicate, primary consideration must be given to the academic track record of the model.

Staff reviewed Legacy academic performance data provided by the applicant and verified it via spot checks of publicly available information. No inconsistencies were found. Staff also supplemented the supplied data with a review of other publicly available data. The findings are below:

- Under the Arizona State Board for Charter School's (ASBCS) academic performance framework, all of the Legacy Traditional campuses meet or exceed academic standards, with many showing significant academic growth even as the state has transitioned to a new assessment which is closely, albeit not fully, aligned to the Common Core. The operator also reports that embargoed test data from the 2015 administration continues this trend.
- Based on data provided by the applicant which was spot checked for accuracy, both affluent and high-poverty Legacy schools in Arizona outperform their host districts.
- Reference checks with Deanna Rowe, until recently the Executive Director of the ASBCS and with Katie Poulos, until recently the Deputy Director at ASBCS and current leader of New Mexico's statewide charter office, confirm that the Legacy schools are considered academically high performing and that they are among the top performing charter schools statewide for all demographics.

Conclusion: The proposed academic model has a strong and consistent track record of academic performance in Arizona.

Areas of Strength:

As noted above, the applicant has selected a model with a strong track record of academic success. The applicant has a strong understanding of what it takes to oversee a successful academic program and has articulated systems to oversee the implementation of the model. In response to feedback and areas of concern, the applicant has amply demonstrated a growth mindset and a capacity and desire for continuous improvement. The applicant has taken and has already begun acting on feedback provided during the capacity interview and follow-up discussion and questions in key areas of the academic plan.

Key strengths include:

- The applicant clearly articulated the mission and vision of the school. The mission is clearly described, as well as the mission's impact on how the school holds its teachers and students accountable to those principles.

- The applicant proposes an “accelerated, back to basics” model based in direct instruction which is internally coherent and consistent.
- Students will have the opportunity to work with music from multiple perspectives whether as listeners, performers, or composers.
- The applicant articulates ambitious goals, explicitly committing to using state assessments to measure academic progress instead of relying on commercial assessments which may not be aligned to the standards. The applicant expects 100% of general education students to be at/above grade level (all subjects); at least 90% of IEP goals will be met; and at least 30% ELL students to become English proficient each year.
- The Legacy Traditional School system in Arizona ranked highest among all K-8 school districts and charter systems in the state as each school academically outperformed the local public school district in which they are located, the County in which they are located, and the entire state.
- Each school received an “A” rating under the school accountability statute based on the schools’ percentage of students exceeding Arizona’s high stakes annual assessment, the percentile of overall academic growth demonstrated by each student, the percentile of growth achieved by the lowest academic performing students per grade level, and the English Language Learner reclassification to full English proficiency rate.
- Every Legacy Traditional School in Arizona was identified as a Title I “High Performing Reward” school by meeting Annual Measurable Objectives, earned an “A” letter grade, and above average achievement and growth among their bottom quartile of students.
- The Arizona Department of Education awarded Legacy Traditional Schools the “High Flyer District of Merit” based on the high academic progress and overall performance of students with disabilities over a three-year period.
- While the model’s focus on direct instruction and the use of programs like Saxon Math is generally viewed as conflicting with Common Core, the operator has a strong track record of success which it credits to an extremely high fidelity implementation of all practices and curricula. Based on classroom observations during the site visit, students were engaged and teachers and administrators were deeply invested in both warm relationships with students and families and precise execution of the academic program. Both the applicant and the operator were able to address this issue during the capacity interview and follow-up conversations.
- Although opening with 1,200 students in the first year of operation is not considered a best practice nationally, the operator has a substantial track record of success in implementing a high quality academic program at scale. Due to the well-structured but joy-focused implementation of classroom and school-wide student management systems, the schools are orderly and highly organized despite their size.
- The plan to engage parents and the community once school is approved is strong (PTO, social media, parent volunteering, etc.).
- The applicant group appears to have a strong connection to the business and development groups in Henderson.
- The applicant thoroughly describes their programs, extra-curricular activities, and intended curricular guides.
- The school’s approach to differentiated instruction is clear.
- The professional development plan for teachers is clearly outlined.
- The remediation plan for Tier 1 and Tier 2 students is robust and thorough.
- There is a thorough explanation of how gifted students will be served and the applicant explains the promotion criteria and processes.
- Applicant sets measurable annual performance and growth goals which exceed state requirement, including:

- 100% of general education students will be reading at grade level by end of 3rd grade.
 - Maintain a 90% persistence rate (i.e. 90% of students every year will re-enroll at the school).
 - 95% teacher retention rate.
 - 100% parent involvement rate.
- The school will administer various interim assessments in ELA, math and science.
- The narrative explains how unit tests and diagnostic assessments will help inform teacher remediation and intervention efforts.
- Professional development plan includes guidance on instructional best practices, as well as checking for understanding.
- The school has a large number of required PDs, including numerous pre-service training for new teachers.
- In an effort to measure the success of the school-wide academic remediation efforts in year 1, year 3, year 5 and beyond, Legacy Traditional School – Henderson utilizes an Action Research strategy (Glickman, Gordon, & Ross-Gordon, 2001). An Action Research steering committee comprised of school officials, boards members, an EMO representative and a parent is created.
- Students are identified for gifted programs as early as first grade.
- All Legacy Traditional School - Henderson teachers are required to provide a minimum of one hour of before/after school tutoring per week, targeting the needs of struggling students.
- At-risk students are defined as those with "foreseeable obstacles to successful" completion of learning goals; there are numerous mechanisms for identifying at-risk students.
- The applicant's RTI model is a three-tier intervention program supported by a Child Study Team.
- There is a clear process for RTI special education referrals
- The applicant seems to support and encourage special education and-general education collaboration
- The applicant's proactive approach to monitoring seems sufficient to meet compliance requirements.
- The applicant articulates a reasonable approach to identifying ELL students and communicating placement decisions.
- The narrative includes a thoughtful approach to identifying homeless and migrant students and providing resources.
- The school culture is based on promoting intrinsic satisfaction, patriotism, and positivity.
- There is a plan to host forums to engage parents and community and receive input on school culture.
- There is an explicit plan for reinforcing positive behaviors and implementing culture, including enculturating students who come in mid-year.
- The applicant identifies multiple measures for gauging success, including surveys, attendance records, and observation data.
- The narrative includes a clear system of positive reinforcement and tiered penalties.
- The applicant provides extensive procedures for due process and appeals, as well as implementing discipline policies, keeping accurate discipline records and reporting discipline data.
- There is a detailed parental grievance process.
- The typical day for student and teachers narratives are well- aligned to previous components of application.

- The narratives related to scenarios for students with disabilities and ELL students are appropriate and aligned with policies detailed in application.

Areas for Improvement:

- The applicant did not include the specific questions in the narrative. While the flow of the document facilitated review, it is possible that some elements were missed by reviewers due to this omission. The revised application will need to incorporate the specific questions.
- The reference in the mission statement to “motivated students” could be perceived as limiting the school’s admission only to students who are already motivated. While discussions with school staff confirmed that the adults on campus view it as their responsibility to motivate and engage students, the narrative would have been improved by some additional context explaining that the mission refers to a future state for students instead of an initial state. During implementation, marketing materials and talking points should also emphasize this distinction to avoid any impression of exclusionary enrollment practices.
- While the applicant cites the six NRS 386.520 purposes, the narrative simply reiterates those as general goals without explaining how the school will actually fulfill them.
- While the applicant has communicated an intent to open in 2017 and this is confirmed on page 3, where the narrative states the school will open in 2017-18, the chart on the same page states the school will open in 2016-17.
- It is unclear from the narrative if the EMO’s current schools’ demographics representative of the local community, though brief research indicates that the student populations are similar. This should be clarified in the narrative.
- Other than saying they’d like to attract “motivated” students, applicant fails to identify the community within Henderson they will target.
- While the application states that the components of their education model will be “evidence based,” the applicant doesn’t specifically highlight what those evidence based components are. The applicant also does not cite research to support the claim that the chosen practices and programs are evidence-based, most likely due to pushback as much of the research on topics like direct instruction and Saxon Math is mixed and most of it is from a number of years ago. It would have been more effective to cite both some of the positive and mixed research and draw a clear line between the chosen methodologies and programs and the positive academic outcomes of the schools using a model based on those components. The connection in the narrative could be significantly stronger and more persuasive.
- While parents, businesses, and developers were listed as supporters, there were not many specifics given regarding these groups. It is unclear who the school’s partners and supporters are.
- Applicant says Henderson was identified as the first Nevada community to be served by a Legacy Traditional School “based on the community’s growing interest in a ‘Back to Basics’ program” ‘ It is unclear how this was determined from the narrative. While the attachment provides a table that appears to be a list of interested parents, no context was provided in the narrative to explain how this was collected. Based on the capacity interview, the operator was contacted by a large number of Henderson families who have relocated from Arizona or are related to families who attend the school, so the demand that led the applicant group to connect with the EMO is organic and is only just beginning to be primed by outreach or marketing. The narrative is unclear in this area.
- There is limited discussion of the resources and/or partnerships that will be leveraged to enrich student learning beyond the role of the EMO. While some high achieving schools eschew partnerships, others embrace them. In the absence of a robust partnership discussion, a rationale for the lack thereof would be informative and help to round out the reader’s understanding of the school’s philosophy.

- While the applicant's detailed discussion of the academic program in other sections can permit a reader to infer that it fully complies with the requirements of NRS 386.550 and NRS 389.018, the narrative would be improved with a few short sentences or an explanatory table identifying the key requirements of those statutes and regulations and indicating how the school will comply with them.
- If the school falls short of its goals, the applicant states that a Performance Improvement Plan will be created and implemented, but there are few details regarding what this actually entails or who would be responsible for implementation. Additional clarity would be helpful.
- Applicant claims interim assessments are valid and reliable, but there is no explanation of how this has been determined. To the degree that this is based on past experience in Arizona, that should be clearly explained.
- While an assessment plan and calendar was included, there was no discussion of what the interim benchmarks for each assessment would be to ensure they're on-track.
- There is no clear discussion of how to avoid or identify over-identification of students with disabilities.
- The applicant claims to provide a continuum of services that are individualized and does not use "branded programs" however no examples are given of the programs used. It is unclear if all programs are EMO or teacher created.
- While it is stated that teachers will be TESL certified, it isn't clear how the school will recruit and incentivize those teachers.
- It is unclear whether the goal of a 100% parent involvement rate mean that 100% of parents will volunteer at the school or just that 100% of parents will communicate with the school through signing homework slips and responding to school communiqués?
- There is limited information for the reader to understand how the operator will train staff and students around high expectations. It is possible this is detailed elsewhere in the document but was difficult to find due to the omission of the question headings.
- The applicant discusses how students who need supports for social and emotional needs will be identified, but provides no details regarding actual intervention and remediation plans. It is unclear how these supports may vary over the lifetime of school.
- There is no description how the school will measure school culture and the implementation of the school culture plan.
- Based on the narrative, it appears that the only interventions that Tier II students not demonstrating the highest level of need will receive are optional after school tutoring sessions. It is unclear what the percentage of students in Tier II who would not receive required push-in services during the school day would be.
- It appears that some verbiage was omitted from the special education principles articulated in the call to quality charters, as the applicant appears to inadvertently state that the school will "Counsel or kick any students out of Legacy Traditional School – Henderson." This is inconsistent with the rest of the narrative and what was demonstrated during the capacity interview and site visit but could be misinterpreted by parents and the community.

- There is insufficient detail about how the applicant will work with the Deputy Superintendent and the Director of Compliance to ensure that vulnerable students are not disproportionately penalized.
- It is possible that an element of the dress code could be perceived by the community as unfairly targeting African-American students who choose to wear their hair naturally (applicant describes locks and afros >1inch as "extreme"). This may be viewed as discriminatory or exclusionary, much like prohibitions on religious headgear or other items have been struck down or seriously curtailed.
- While the applicant posed many thoughtful and valid questions in the student data scenario which demonstrate the ability to engage with data in accountable ways, the "next steps" could have been discussed more clearly.

Essential Question: Will the academic program be a success?

Yes. The academic program outlined in the application is consistent with the core elements of the successful Arizona implementations. The application, capacity, interview, site visit, and follow-up discussion with members of the applicant team effectively articulate an academic program which can be successful with Clark County students. The applicant and the model have demonstrated capacity for continued academic growth and a clear focus on continuous improvement. To that end, staff has identified areas of improvement which should be addressed by the applicant to the satisfaction of staff following board approval and prior to the issuance of the charter contract.

Should the board approve the application based on the totality of evidence related to all three domains, staff proposes to work with the applicant to address the areas for improvement prior to the formal issuance of a charter contract by the Director based on this approval.

Organization

Performance Data

For applicants seeking to replicate an existing model—whether as a direct charter management organization applicant, a committee to form partnering with a non-profit or for-profit education management organization, or a committee to form which seeks to independently replicate, consideration must be given to the organizational track record of the model. For models with a current Nevada presence, the primary criteria will be performance within the Nevada legal and regulatory context. For models which are not currently implemented in Nevada, the criteria will be performance within the context of the home state's legal and regulatory context.

Based on a review of the Arizona State Board for Charter Schools Operational Performance Framework, all of the Legacy Traditional Schools in Arizona met the authorizer's operational performance standards in 2015. Consultation with the authorizer revealed no historic issues.

Conclusion: The proposed organizational model has a strong track record of organizational performance in Arizona.

Areas of Strength:

As noted above, the applicant has selected a model with a track record of organizational success. The applicant has a strong understanding of what it takes to oversee an effective and accountable organization and has articulated systems to oversee the implementation of the model. In response to feedback and areas of concern, the applicant has amply demonstrated a growth mindset and a capacity and desire for continuous improvement.

Specific Strengths include:

- The qualifications of various team leaders essential to implementing school design are clear.
- The proposed Superintendent has the requisite experience for the position.
- The proposal states there are numerous candidates qualified for the principal position already in the EMO's pipeline.
- Based on both the application and the capacity interview, the applicant proposes a strong plan for recruiting and retaining teachers based on past practice in a state with a similar teacher shortage.
- The applicant recognizes the risks associated with single point failures and outlines systems that will be used to ensure redundancies in knowledge.
- The compensation and benefits packages appear competitive.
- There are clear procedures for hiring process, as well as a well-developed dismissal process for staff.
- The use of in-house leadership development ensures viable secession and positions the model for future scalability after achieving proof of concept in Nevada.
- The teacher performance evaluation program is well-thought out and based on multiple measures.
- There is ample evidence that Legacy has successfully scaled in the past.

- The applicant's enrollment window far exceeds the 45 day statutory expectation and the marketing campaign is designed to appeal to a cross-section of the community.
- The narrative explains the governance philosophy and role of the board.
- The bylaws clearly outline accountability and removal procedures for board members who do not meet expectations.
- The applicant supplied a thorough pre-opening plan.
- The attached EMO contract is clear and is generally compliant with Nevada law and regulation. The applicant has indicated several areas they intend to change based on further discussion.
- There is a clear operations plan, including a through technology plan.
- The narrative describes multiple protections in place for student and employee data.
- The EMO has significant experience in facilities building and maintenance and its facilities have won statewide awards.
- The applicant and the EMO have already identified brokers and consultants to assist in the land search and acquisition phases.

Areas for Improvement:

- As the organizational chart makes no reference to the EMO, it's positional authority and that of its staff is unclear. For example, it is difficult to determine if the principal report to the EMO or the board based on the narrative.
- The decision-making matrix reserves all or almost all decisions to the board. Based on the capacity interview, this was a result of a misinterpretation by the applicant and it will be revised to clarify how much control local leadership (principal, etc.) has and what decisions are made by the principal rather than the EMO or board.
- The principal, assistant principal and instructional coach job descriptions indicate a requirement for administrative credentials in AZ rather than NV. Nevada administrative credentials are not required for such positions in charter schools and this may be a function of the applicant's intent to "seed" the school with talent with prior Legacy experience but it is unclear if this is intentional .
- The instructional coach provides only coaching or does the instructional coach also evaluate teachers?
- The applicant identifies ADP as providing back-office services but few details provided about contract details or how this company was chosen. It can be inferred that this is a permissible centrally-provided service from the EMO but the arrangement is unclear.
- The applicant explains that they will ensure that the fundamental features of Legacy's model will be embedded through training, supervision, and accountability, but it's not entirely clear how that will be done specifically in NV since previous scaling was in AZ. It is uncertain, based on the narrative, whether this be accomplished by the transfer of key school-level staff from Arizona to Nevada, by the relocation of a small group of EMO staff to Henderson, or some other strategy or mix of strategies.
- It is unclear what portion of the EMO Superintendent's time will be dedicated to matters pertaining to this school.
- It is not clear that the laudably broad application window (from September to March of the year prior to school opening) is preceded by the 45 day notification window specified in statute, though the combination of the marketing campaign and the lengthy period to submit applications clearly embraces the intent of the law. In the event that the beginning of the marketing campaign coincides with the

beginning of the enrollment period, it will be necessary to consult with SPCSA counsel to determine if this process is acceptable as is or if it merits a good cause waiver from the SPCSA pursuant to statute.

- It is unclear how additional board members will be identified and recruited. Board succession strategy and building a bench of board members is a best practice.
- While the applicant states that board members will receive training on various laws and issues of compliance, there is no timeline for this training. Additionally, the applicant states that the board will receive further capacity training based on assessment data, but this seems late in the process. The applicant group expressed strong interest and enthusiasm for additional training on the particulars of charter school governance during the capacity interview and subsequent interactions. Early board training will need to be added to the proposal prior to execution of a charter contract.
- While the applicant articulated a strong focus on holding the EMO accountable for results in the capacity interview, the EMO contract term should be modified to support this by reflecting the two year initial term and four year renewal term required in regulation to permit the board to evaluate the relationship early enough to make any necessary changes. There are also several minor artifacts left over from the Arizona context which were missed in the overall negotiation of terms.
- While state law does not mandate transportation services for most charter school students, the applicant does not identify transportation which may be necessary to meet the school's obligations to McKinney-Vento students (students in transition) or comply with a student's IEP pursuant to federal law. Depending on the need and the plan, this might include from bus tokens or a taxi service.
- The lease cost details were not clear in the narrative and required reviewers to dig through the attachments to locate them.

Essential Question: Will the school be an effective and accountable organization?

Yes. The organizational program outlined in the application is consistent with the core elements of the successful Arizona implementations. The application, capacity, interview, and follow-up discussion with members of the applicant team effectively articulate an organizational plan which can be successful in Nevada. The applicant group has embraced feedback and committed to additional charter school board development training following charter approval to supplement their existing expertise.

Fiscal

The applicant budget is designed primarily as a performance task to evaluate the applicant's ability to design a budget which accurately reflects the Nevada context, contains reasonable expense assumptions which are correctly calculated, and incorporates the personnel and operating costs specific to the academic model. While many of these assumptions and priorities will serve as the basis for the operating budget adopted by the governing body, is not intended to contractually bind the applicant to a specific set of revenues or expenditures.

Performance Data

For applicants seeking to replicate an existing model—whether as a direct charter management organization applicant, a committee to form partnering with a non-profit or for-profit education management organization, or a committee to form which seeks to independently replicate, consideration must be given to the financial track record of the model. For models with a current Nevada presence, the primary criteria will be performance within the Nevada legal and regulatory context. For models which are not currently implemented in Nevada, the criteria will be performance within the context of the home state's legal and regulatory context.

The applicant provided financial data, including audited financial statements, for other schools implementing the academic program. Staff also supplemented the supplied data with a review of the financial frameworks for each Legacy school produced annually by the Arizona State Board for Charter Schools.

The most recent independent audit report for each of the Legacy campuses shows that their financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate remaining fund information, and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America. The auditor's consideration of internal control over financial reporting did not identify any deficiencies in internal control considered to be material weaknesses. It is important to note that some earlier audits identified areas of weakness in financial controls but those issues were identified and addressed in the management letter. There is no evidence that those weaknesses have recurred.

In Arizona, most charter school applicants are 501c3 entities, though the law does allow for other kinds of eligible entities, including for-profit companies. They are not created as political subdivisions, as is the case in Nevada. Consequently, Arizona charter schools are permitted to operate at a loss for several years, much like a startup non-profit or for-profit corporation. Outstanding liabilities, such as deferred management fees, often remain on the books as accounts payable instead of the other accounting treatments frequently utilized in Nevada. This difference in accounting expectations makes direct comparison of the financial performance of Legacy's Arizona schools to Nevada schools more challenging. Based on a review of the ASBCS financial frameworks, while Legacy schools that are still in their startup phase typically do not meet the expectations of the framework, their financial performance consistently

improves after several years of operation. Based on information received from the Arizona State Board for Charter Schools, this type of financial picture is not uncommon in Arizona and the Legacy schools perform as well or better than most Arizona charter schools on their framework.

Conclusion: The proposed financial model has an improving track record of financial performance in Arizona while continuing to deliver strong academic results.

Areas of Strength:

- The budget assumption narrative was clear, concise and appeared to be based on assumptions and support from other Legacy schools. It takes a conservative approach to revenues and expenses.
- The applicant and the EMO have sought out feedback and have committed to making appropriate adjustments to some budget assumptions in light of differences in how Nevada regulates charter schools compared to other states.

Areas of Weakness:

- While Arizona law permits a charter school to operate a deficit during the first few years of operation, Nevada law does not as charter schools are primarily considered political subdivisions. While applicant and the operator noted that the budget projections were conservative and do not reflect the deferment or postponement of management fees that exists in practice and the budget worksheet makes it clear the school reaches the black after the startup phase, it will be important for the budget to be revised to reflect this change and that the management fee also make a clear provision for such postponement to ensure that the school complies with Nevada law. The applicant has committed to this revision. *SPCSA staff have also identified this as an area which will need to be emphasized with out-of-state operators to ensure they are better prepared as they develop their application budgets.*
- The Board is expected to select and retain an independent auditor to provide an annual audit of the school. Consistent with the SPCSA's expectations of other Nevada charter schools, it is important that the charter application make it explicit that the Board has sole authority to make that decision and that the auditor reports to the board, not to staff or to the EMO. Additionally, the SPCSA expects Boards that contract with an EMO to select an auditor that is different from the firm utilized by other client Boards or the EMO itself. These provisions should be made explicit in the charter application.

Essential Question: Will the school be fiscally viable.

Yes. The changes to the fiscal plan described in the capacity interview which will permit the school to defer or postpone payment of management fees will ensure the school operates sustainably in a manner consistent with Nevada law both during its initial startup and throughout the duration of the charter term.