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STATE PUBLIC CHARTER SCHOOL AUTHORITY

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ACTION MEMORANDUM

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**TO:** SPCSA Board  
**FROM:** Melissa Mackedon, Executive Director  
**SUBJECT:** Notice of Concern, Eagle Charter School  
**DATE:** April 1, 2024  
**CC:** Eagle Board of Directors & School Leadership

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**Summary**

Eagle Charter School (Eagle) is located at 2025 E. Sahara Avenue, Las Vegas, Nevada 89104. It opened in 2023-2024 with a mission to "Empower all students, irrespective of location or ethnicity, by providing a dynamic, inclusive learning environment that fosters creativity and problem-solving skills."

The State Public Charter School Authority (SPCSA) is concerned about Eagle's financial viability, as it currently owes the Nevada Department of Education (NDE) **\$837,085.27**. Eagle communicated with SPCSA staff that they only have \$350,000 set aside to fulfill the obligation. Beginning in July, the NDE will stop making monthly Pupil Centered Funding Plan (PCFP) payments until the obligation is met. Based on Eagle's current monthly PCFP payment of **\$119,446.83**, Eagle could potentially receive no funding from the NDE for up to seven months. Once the overpayment of **\$837,085.27** is fully recuperated, Eagle would be eligible to receive monthly PCFP payments again.

**Background**

At the June 2023 pre-opening enrollment audit, Eagle had 306 students enrolled. The NDE uses that figure, 306, for a new school's quarter-one monthly PCFP payment and then makes adjustments quarterly based on average daily enrollment (ADE).

Eagle's actual enrollment between September and March has ranged from 144-167 students. Eagle's quarter-one Average Daily Enrollment (ADE) was 165.1 and quarter-two ADE was 161.9. Eagle's school leadership states that the decline in enrollment was due to facility issues.

However, Eagle continued to receive monthly PCFP payments for 306 students through March 2024, resulting in a net overpayment of **\$837,085.27**. The SPCSA first flagged this issue for Eagle in the fall and subsequently requested that Eagle build a board-approved, amended budget reflecting their accurate, lower enrollment number. The SPCSA requested a copy of a board-approved, amended budget by February 15, 2024. Eagle submitted an incorrectly formatted amended budget on February 21, 2024, which made analysis and proper review challenging. Additionally, the amended budget did not appear on Eagle's board agenda. Currently, the following meeting agendas are posted on the Eagle's website, and none of the meeting agendas provide a line item to discuss and approve an amended budget: July 7, 2023; July 13, 2023; August 15, 2023; December 28, 2023; January 31, 2024; and March 22, 2023.

On March 18, 2024, the SPCSA had a phone call with Eagle's school leadership, Chief Operating Officer (COO) Jai Mallory and Principal Jose Herrera, their financial officer, Andrea Shorter, and two board members, Monica Johnson and Jasmin Graciano. During that call, Ms. Shorter stated that Eagle had \$350,000 set aside to pay back NDE.

Ms. Shorter further indicated that Eagle had Charter School Program (CSP) funds due to them, for which they still needed to submit reimbursement requests to Opportunity 180 (O180). At that time, Dr. Broughton, SPCSA Director of Authorizing, addressed that O180 had put their CSP reimbursement on hold due to ongoing concerns. Eagle indicated that they were not aware of O180's ongoing concerns. Subsequently, O180 shared multiple emails with SPCSA between O180 and Eagle where the CSP reimbursement hold had been communicated to Eagle.

During this March 18 call, SPCSA staff advised Eagle that NDE would stop making PCFP payments to recover the overpaid funds. Additionally, the SPCSA would be officially asking Eagle for their Fiscal Year 2025 budget and a 12-month cash flow from Eagle.

On March 19, 2024, the SPCSA sent Eagle and board leadership an official workbook from NDE (Attachment A), which calculated the overpayment and showed that Eagle would stop receiving payments from NDE in July 2024. Additionally, the SPCSA sent a memo (Attachment B) that indicated that a member of the SPCSA team would be available to attend Eagle's upcoming board meeting to answer any questions.

Eagle's school leaders conducted a board meeting on Friday, March 22, 2024, at 7:30p.m. Executive Director (ED) Melissa Mackedon attended that meeting. The meeting lasted approximately twenty-five minutes. The information COO Mallory shared with the board was not reflective of the March 19 memo (Attachment B). Further, COO Mallory did not address the amount of overpayment funds owed to NDE, a viable repayment plan, nor the SPCSA's concern that their financial situation could lead to school closure. Additionally, COO Mallory incorrectly shared that Eagle would be eligible for reimbursement once the CSP grant application was amended. This was not in line with communication Eagle and SPCSA received from O180, which indicated that Eagle would not be eligible for CSP reimbursement unless a list of requirements were met, one of which was to "submit the agreed upon repayment plan with the State of Nevada."

Immediately after the board meeting, ED Mackedon reached out to Chair Johnson to address concerns about the seriousness of the situation and the accuracy of the information shared at the board meeting. She then attempted to call COO Mallory, but COO Mallory did not answer. ED Mackedon followed the call with a text message to COO Mallory; to which COO Mallory did not respond. Moreover, on March 26, 2024, ED Mackedon emailed the March 19 memo (Attachment B) to every school board member and addressed concerns about the meeting (Attachment C). Board Chair Johnson responded via email on March 30, 2024 (Attachment D). Subsequently, ED Mackedon called each board member and successfully spoke to three members. Member Janica Graciano indicated that she was aware of the situation because she had participated in the March 18 phone call. Member Sherlene Simpson stated she was unaware of the seriousness of the financial crisis, and Member Shelia Gilchrist was also unaware of the situation.

Although the SPCSA board is contemplating a financial Notice of Concern today, it is essential to note that there are numerous organizational and academic concerns as well. Specifically, after receiving an official complaint in early November, it was identified and confirmed by Eagle that as of November 17, 2023, Eagle had yet to provide health insurance to their staff. An additional complaint came in March, indicating that employees still did not have health insurance. COO Mallory stated that they did have insurance; however, Eagle has not yet provided documentation to the SPCSA. Additional concerns can be found in the [site evaluation report](#).

## **Legal Authority**

NRS 388A.330 Reconstitution of governing body of charter school or termination of charter contract by sponsor: Grounds; written notice; opportunity to correct deficiencies; public hearing; notice to Department; limitation on reconstitution; continued operation and limited enrollment under certain circumstances. Except as otherwise provided in [NRS 388A.300](#):

1. Except as otherwise provided in subsection 6, the sponsor of a charter school may reconstitute the governing body of a charter school or terminate a charter contract before the expiration of the charter if the sponsor determines that:
  - (a) The charter school, its officers or its employees:
    - (1) Committed a material breach of the terms and conditions of the charter contract;
    - (2) Failed to comply with generally accepted standards of fiscal management; or
    - (3) Failed to comply with the provisions of this chapter or any other statute or regulation applicable to charter schools;
  - (b) The charter school has filed for a voluntary petition of bankruptcy, is adjudicated bankrupt or insolvent, or is otherwise financially impaired such that the charter school cannot continue to operate;

## **Action Plan**

To cure this Notice of Concern, Eagle must provide the following on or before June 1, 2024:

- 1) 2025 Fiscal Year Budget (FYB) addressing a payment plan to repay the debt owed to NDE totaling over \$837,000 as of April 10, 2024. According to NRS 354.596, the tentative budget must be presented to the board by April 15. A hearing of the tentative budget must be held not sooner than the third Monday in May and no later than the last day of May.
- 2) Cash Flow Sheet (CFS) absent any CSP grants, as Eagle is ineligible until the NDE debt repayment plan is approved.
- 3) Proof of Health Insurance for all staff and employees back-dated for the 2023-2024 school year (NRS 388A.345 (f) (g)).

Further, Eagle must show in their 2025 FYB and CFS that it will maintain operations while repaying the NDE overpayment through PCFP payment withholding or by making the NDE payments. “Maintaining Operations” is defined as paying all liabilities and obligations necessary for Eagle’s daily operations on time, that is without delinquent payment or fees.

### **Analysis & Staff Recommendations**

Without the funds necessary to repay NDE and the impending withholding of PCFP payments, the SPCSA is concerned that Eagle is financially impaired and may not be able to continue operating.

A draft motion follows:

Motion to approve placing Eagle Charter School under a financial notice of concern as a result of owing the Nevada Department of Education **\$837,085.27** and the withholding of PCFP payments from the Nevada Department of Education to Eagle until the entire overpayment has been recovered, which financially impairs Eagle and impacts operations. Further motion to have Eagle Charter School appear before the board in May with an update and in June to review the cure and make a final decision about Eagle’s financial viability moving forward.