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**DISTRICT COURT  
CLARK COUNTY, NEVADA**

STATE OF NEVADA, ex rel. its STATE )  
PUBLIC CHARTER SCHOOL )  
AUTHORITY, )  
Petitioner, )  
v. )  
DISCOVERY CHARTER SCHOOL, )  
Respondent. )

CASE NO. A-17-757342-P  
DEPT. NO. #32

**ORDER FOR APPOINTMENT OF RECEIVER**

14 This matter comes before the court pursuant to the Joint Petition of Receivership  
15 **(JOINT PETITION)** filed June 23, 2017, by the NEVADA STATE PUBLIC CHARTER  
16 SCHOOL AUTHORITY (SPCSA), consent and joined to by DISCOVERY CHARTER  
17 SCHOOL **(DISCOVERY)**. This Court, having read the Joint Petition as well as the law  
18 applicable to the issues raised therein and deeming itself fully advised of the matter,  
19 hereby enters its order as follows:

20 **IT IS HEREBY ORDERED**, that the Joint Petition is **GRANTED**;

21 **IT IS FURTHER ORDERED** that John S. Haynal of Affinity Educational Services  
22 Provider (Receiver), is appointed to act as receiver and manager of the assets, operations  
23 and undertakings of Discovery Charter School, a Nevada state-funded charter school;

24 **IT IS FURTHER ORDERED** that the Receiver shall fulfill the obligations and  
25 duties of the governing body of Discovery Charter School subject to the obligations and  
26 limitations of the governing body of Discovery Charter School;

27 **IT IS FURTHER ORDERED** that the Receivership shall have a period of no more  
28 than three years, extending no later than July 1, 2020, to petition this Court to terminate

1 the Receivership in the manner most beneficial to the students of Discovery Charter  
2 School. The Receivership may be terminated in any of the following ways:

3 a) By notifying this Court that the governing body of Discovery Charter School  
4 has been reconstituted in accordance with NRS 388A.333 or other applicable  
5 provision of law. Reconstitution of the governing body of Discovery Charter  
6 School shall include two parent(s) or legal guardian(s) of a pupil enrolled in  
7 the charter school who is not a teacher or an administrator at the charter  
8 school. Nothing in this agreement would prohibit the reconstituted  
9 governing body of Discovery Charter School from entering into a contract for  
10 education management, charter management or consulting services with the  
11 Receiver, AESP or any of its employees, board members or principles,  
12 provided that no agreement is consummated prior to the reconstitution of  
13 the governing body and termination of the Receivership and such agreement  
14 is not a condition of appointment to the governing body.

15 b) By notifying this Court that the sponsor of Discovery has terminated the  
16 contract of Discovery.

17 c) By notifying this Court or any other facts or circumstances that cause the  
18 Receivership to no longer be in the best interest of the students of Discovery.

19 IT IS FURTHER ORDERED that the Receiver is subject to all current personnel  
20 contracts, and will abide by the bylaws, policies and procedures of Discovery, (collectively,  
21 "Discovery's Governing Documents") which shall remain in full force and effect and may  
22 only be terminated or modified according to the existing terms or processes.

23 IT IS FURTHER ORDERED that the Receiver shall have the ability to modify or  
24 cancel non-personnel contracts, leases or other contracts, as the Receiver may deem in his  
25 discretion to be appropriate for or benefit of the students of Discovery; and to terminate  
26 any existing contract, agreement or instrument which is not commercially reasonable  
27 or beneficial.

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1           IT IS FURTHER ORDERED that Receiver should also have the power to petition  
2 this Court for clarification of his or her rights, powers, duties and obligations as Receiver  
3 and should have the same power as a governing body to amend bylaws, policies and  
4 procedures of the governing body, and to seek to amend the charter contract as necessary.

5           IT IS FURTHER ORDERED that, at least quarterly, the Receiver shall hold a  
6 public meeting consistent with the requirements of the Open Meeting Law (NRS Chapter  
7 241) to discuss issues related to the exercise of his or her duties and receive public  
8 comment regarding the same to allow parents, students, staff and the community  
9 to participate.

10          IT IS FURTHER ORDERED that, at least quarterly, the Receiver shall report to  
11 the State Public Charter School Authority Board Members ("Board") at a public meeting  
12 where meeting consistent with the requirements of the Open Meeting Law (NRS Chapter  
13 241) and receive public comment regarding the same.

14          IT IS FURTHER ORDERED that, at least quarterly, the Receiver shall file with  
15 the court a progress report, including an income and expense report, which includes, but  
16 is not limited to, a quarterly operating statement, a balance sheet, accounts payable,  
17 schedule of capital expenditures, schedule of contracts and agreements entered into  
18 during the preceding quarterly period, and a schedule of governmental taxes and  
19 assessments with notice provided and posted on Discovery's website. All expenses,  
20 including the Receiver's own fees and the fees of any professionals hired by the Receiver,  
21 shall be approved by the court. All fees payable to the Receiver shall be approved by the  
22 court before they are paid.

23          IT IS FURTHER ORDERED that the Receiver shall petition the Board for  
24 approval of any proposed changes to Discovery's Governing Documents. No such  
25 amendment shall be effective until approved by the Board.

26          IT IS FURTHER ORDERED that in addition to those powers granted above or by  
27 function of law, the Receiver is authorized to do the following:

28          ...

- 1 1.1 To hold, preserve, administer, and operate the business and activities of  
2 Discovery consistent with its lawful authority and nonprofit purposes with  
3 full authority to perform all acts necessary or incidental thereto, including  
4 the power to hire and terminate employees;
- 5 1.2 To continue to operate Discovery's campuses in such manner, to such extent,  
6 and for such duration as the Receiver may in good faith determine to be in  
7 the best interest of Discovery's students and in the public interest subject to  
8 revocation or termination of the Discovery's charter contract issued by  
9 the SPCSA;
- 10 1.3 To immediately collect, marshal, take custody, control and possession of,  
11 conserve, hold and manage all funds, accounts, property, premises, mail and  
12 other assets of, or in the possession or under the control of Discovery,  
13 wherever situated, with the power to collect, receive and take possession of  
14 all goods, rights, credits, money, leases, books, work papers, and records of  
15 accounts, contracts, financial records, monies on hand in banks and other  
16 papers and documents of Discovery, (the "Receivership Property");
- 17 1.4 To employ such managers, agents, employees, servants and contractors  
18 including, without limitation, members and employees of AESP, as may in  
19 his judgment be advisable or necessary in the management, conduct, control  
20 or custody of the affairs of Discovery and the Receivership Property;
- 21 1.5 To make such payments and disbursements as may be necessary and  
22 advisable for the preservation of the business of Discovery and the  
23 Receivership Property as may be necessary and advisable in discharging his  
24 duties as Receiver;
- 25 1.6 To retain and employ investigators, attorneys, accountants and other  
26 professionals of his choice, to assist, advise and represent him in his duties  
27 as Receiver of Discovery;

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- 1           1.7 To receive and collect any and all sums of money due to or owing to  
2           Discovery in any manner whatsoever, whether now due or hereafter due and  
3           payable, and to do such things and enter into such agreements in connection  
4           with the administration, care, preservation and maintenance of the business  
5           and assets of Discovery as he may deem advisable;
- 6           1.8 To institute, prosecute and defend, compromise, adjust, intervene in or  
7           become a party to, or assist the Attorney General for the State of Nevada in  
8           prosecuting such actions or proceedings as may be necessary or proper for  
9           the collection, marshalling, protection, maintenance, or preservation of the  
10          Receivership Property, as well as to appear in and conduct the defense of any  
11          suit in any court by or against Discovery, where such prosecution, defense or  
12          other disposition of such action or proceeding will in the judgment of the  
13          Receiver be advisable and proper for the protection of business and  
14          Receivership Property;
- 15          1.9 To obtain information within the custody or control of any person, firm or  
16          entity needed to identify the accounts, employees, properties, or other assets  
17          of Discovery, including the Receivership Property;
- 18          1.10 To pay himself a reasonable compensation, including reimbursement for  
19          actual out-of-pocket expenses incurred, for fulfilling his duties of Receiver for  
20          Discovery, subject to quarterly approval from this court, from the assets  
21          of Discovery;
- 22          1.11 Take exclusive and immediate possession, custody, and control of the  
23          Receivership Property and preserve, protect and manage said  
24          Receivership Property;
- 25          1.12 Exclude all third parties, or anyone claiming under or through them who  
26          does not have valid rights for possession of the Receivership Property, or any  
27          portion thereof, from possession of said Receivership Property, or any  
28          portion thereof;

- 1           1.13 Use, operate, manage, and control the Receivership Property;
- 2           1.14 Have signatory authority over all Discovery bank accounts;
- 3           1.15 Take exclusive and immediate possession, custody and control of the
- 4           Discovery's records, books of account, ledgers and all business records
- 5           related to the Receivership Property, wherever located and however
- 6           maintained (including, without limitation, information contained in the
- 7           computers and any and all software relating thereto, as well as banking
- 8           records, statements, and canceled checks and a list identifying all passwords,
- 9           identification numbers, and other information necessary or appropriate for
- 10          access to these accounts);
- 11          1.16 Take exclusive and immediate possession, custody and control of all of
- 12          Discovery's websites, email accounts and passwords (and computers and
- 13          software relating thereto) related to the Receivership Property or
- 14          its operation;
- 15          1.17 Take exclusive and immediate possession, custody and control of all
- 16          documents that pertain to the Receivership Property, including, but not
- 17          limited to, all licenses, permits, or governmental approvals relating to the
- 18          Receivership Property and will execute any and all documents necessary to
- 19          renew and transfer licenses for the Receivership Property as allowed by the
- 20          rules and regulations of the applicable government agencies;
- 21          1.18 Take exclusive and immediate possession, custody and control of all
- 22          contracts, leases, subleases, management agreements, franchise agreements,
- 23          royalty agreements, employment agreements, licenses, assignments, or other
- 24          agreements of any kind whatsoever, whether currently in effect or lapsed,
- 25          which relate to the Receivership Property;
- 26          1.19 To continue in effect any contracts, agreements, letters of credit and all other
- 27          instruments presently existing and not in default relating to the
- 28          Receivership Property; to negotiate or to enter into contracts, agreements,

1 letters of credit, leases, the terms of which may be extended beyond the  
2 appointment of the receivership, or other arrangements; or to modify or  
3 cancel leases or other contracts, as the Receiver may deem in his discretion  
4 to be appropriate for or beneficial to the operation, management, protection  
5 and preservation of the Receivership Property; and to terminate any existing  
6 contract, agreement or instrument which is not commercially reasonable or  
7 beneficial to the Receivership Property;

8 1.20 Discharge the obligations evidenced by any loan documents pending a  
9 judicial or non-judicial sale of the Receivership Property;

10 1.21 To determine, upon taking possession of the Receivership Property, whether,  
11 in the Receiver's judgment, there is adequate insurance coverage and if  
12 sufficient insurance coverage does not exist, to obtain liability, fire and other  
13 insurance necessary to provide adequate coverage for the Receivership  
14 Property; the Receiver shall have the discretion to determine who insures  
15 the Receivership Property and will be named an additional insured at the  
16 time this Agreement is executed;

17 1.22 Establish bank accounts in the name of the Receiver for the deposit of  
18 monies and funds collected and received in connection with the Receivership  
19 Property, at a federally insured banking institution. The Receiver is not  
20 required to expend any funds other than those of the Receivership Property.  
21 Monies coming into the possession of the Receiver which are not expended  
22 for the purposes herein authorized, shall be held by the Receiver in federally  
23 insured banking institution and, to the extent possible, in interest bearing  
24 accounts and disbursed in accordance with further review and approval of  
25 this Court;

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- 1 1.23 Deal exclusively with all government authorities, contractors and  
2 subcontractors with regard to the Receivership Property, and take all actions  
3 necessary to comply with all agreements with and requirements of all  
4 governmental authorities with regard to the Receivership Property;
- 5 1.24 To take any steps the Receiver believes necessary or desirable to obtain or  
6 maintain any licenses, permits, entitlements or governmental approvals  
7 relating to the Receivership Property, improvements, and the operation of  
8 Discovery;
- 9 1.25 Expend funds to purchase merchandise, materials, supplies and services as  
10 the Receiver deems necessary and advisable to assist it in performing its  
11 duties hereunder;
- 12 1.26 To take and file an inventory of all personal property including, furniture,  
13 fixtures, equipment, inventory, contracts, leases and sub-leases of the  
14 Receivership Property;
- 15 1.27 Prepare monthly statements reflecting the Receiver's fees and  
16 administrative costs and expenses incurred in the operation and  
17 administration of the Receivership Property. Receiver shall be fully  
18 reimbursed for amounts Receiver expends in the preservation, maintenance  
19 of the Receivership Property;
- 20 1.28 Take such other actions as may be necessary or incidental to the foregoing  
21 specific powers, directions, and general authorities relating to the  
22 Receivership Property;
- 23 2. In addition to the Receiver's authorized actions delineated above, the  
24 Receiver is also authorized to compel, prohibit and/or enjoin, through judicial  
25 process or otherwise Discovery, its board members, officers, directors,  
26 managers employees or agents from interfering with the Receiver's exercise  
27 of, or attempting their own exercise of any or all of the Receiver's powers as  
28 provide by this Court.



1 IT IS FURTHER ORDERED that the Receiver shall not be required to give  
2 security or post a bond for the payment of such costs or damages as may arise from the  
3 appointment of the Receiver, as Receiver.

4 IT IS FURTHER ORDERED that the SPCSA shall indemnify and hold harmless  
5 John S. Haynal, individually, in his capacity as Receiver, his agents, contractors,  
6 employees and representatives, from any claims made by persons not a party to this  
7 Agreement, which claims arise out of the operation of this receivership, except in a case  
8 where the Receiver has acted knowingly outside the scope of the receivership authority, or  
9 committed fraud or intentionally misrepresented the Receiver's ministerial authority as  
10 the Receiver, or acted in gross negligence, recklessly or in wanton disregard of his duties.  
11 In the event a suit is filed against the Receiver, or a related entity of the Receiver, over an  
12 issue arising out of this receivership, except as conditioned above, it shall be incumbent  
13 upon the SPCSA to reimburse the Receiver for the fees and costs of defending such action,  
14 including any appeals thereof to final resolution and award of judgment. Upon any  
15 subsequent notice from the SPCSA terminating the appointment of the Receiver, the  
16 Receiver shall render a final accounting which shall be submitted to the SPCSA within 60  
17 days of the notice of termination, with copies of the final accounting delivered to the  
18 SPCSA and, after Receiver renders such final accounting, Receiver shall be discharged  
19 from any further duties as Receiver.

20 IT IS FURTHER ORDERED that the Receiver shall be paid from the Receivership  
21 Property, including insurance policies, all compensation arising out of the Receivership.  
22 The Receiver shall be compensated at the rate of \$12,000 (twelve thousand dollars), per  
23 month for his time spent operating, managing and administering the business operations  
24 of Discovery and collecting, administering, preserving and protecting the Receivership  
25 Property. The Receiver shall also be reimbursed for all costs pertaining to the  
26 Receivership. The Receiver shall submit monthly invoices to SPCSA by the 10th day of  
27 each month.

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1 IT IS FURTHER ORDERED that this Order may be modified or amended only by  
2 an order of this court, and such order may be sought for good cause by the Receiver, or  
3 the SPCSA.

4 IT IS FURTHER ORDERED that in the event any action or proceeding is  
5 commenced in connection with or arising out of this Order, the prevailing party shall be  
6 entitled to attorneys' fees and costs of suit, whether at trial or on appeal, as fixed by the  
7 court. In the event Discovery files for bankruptcy, then the Receiver shall be entitled to  
8 any attorneys' fees and costs incurred in the pursuit and enforcement of its rights in such  
9 bankruptcy proceeding, whether not an action of an adversarial or contested nature  
10 is filed.

11 IT IS SO ORDERED.

12 Dated this 5 day of July, 2017.

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15 \_\_\_\_\_  
District Court Judge

16 ROB BARE  
17 JUDGE, DISTRICT COURT, DEPARTMENT 32  
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