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OUR FILE NO.2355-231

April 27, 2017

Via U.S. Mail and E-mail Gott@ag.nv.gov

Gregory D. Ott
Deputy Attorney General
100 North Carson Street
Carson City, Nevada 89701

**Re: Quest Academy Preparatory Education v. Tower Distribution, Inc.
Case No. A-16-741525-B**

Dear Mr. Ott:

It is my understanding that the SPCSA is considering whether to allow Quest Academy Preparatory Education ("Quest Academy") to move campuses from its current campus at Torrey Pines and Rancho to the Founders Academy campus. As you know, I represent Tower Distribution Center, LLC ("Tower") in this lawsuit. The purpose of this letter is to advise you that Tower's position is that Quest Academy still has 13 years on its Lease with Tower and owes significant amounts of past due rent and associated interest and penalties for failure to pay.

The record over the past year or so is crystal clear. Tower was forced to try to find a replacement tenant because of Quest Academy's repeated and continuing breaches of the Lease. Quest Academy breached the Lease via the actions taken by its receiver, Joshua Kern ("Receiver"). First, Quest Academy, via its Receiver, failed to make the Lease payments for over a year. Second, Quest Academy unilaterally decreased the amount of the Lease payments when ordered by the Court to make payments. Third, Quest Academy anticipatorily breached the Lease by announcing publicly, through its Receiver, to the SPCSA, Quest Academy's intention to leave the Premises with over 13 years left on the Lease. Quest Academy's decision to voluntarily vacate the Premises by July 15, 2017, with 13 years remaining on the Lease, is its decision alone. The District Court has not entered any orders terminating the Lease or Quest Academy's obligations to pay rent. The Court has set a trial date for November 2017 on damages and other claims.

Quest Academy's decision to move out of the Premises this summer does not mean Quest Academy can walk away from the Lease without consequence. To the contrary, Quest Academy is legally obligated to make all rental payments delineated in the Lease. Also, importantly, Tower has never sought to evict the students and, so long as the Lease is in full force and effect, will continue to allow the students and faculty to enjoy full use and benefit of the campus, including the next school year and beyond.

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Accordingly, the SPSCA Board should understand that any decision to allow Quest Academy to incur new and additional lease and financial obligations, at the previous Founder's location, will certainly place serious financial burdens on the operations of the school. Tower strongly urges you to consider the legal and financial ramifications of Quest Academy's actions.

Sincere regards,

HUTCHISON & STEFFEN, LLC



Christian M. Orme
For the Firm