

**REPORT TO SPCSA
FOR ARGENT PREPARATORY ACADEMY**

March 23, 2018

Prepared by Joshua Kern
Court-Appointed Receiver

I. Introduction

This report from the Receiver regarding Argent Preparatory Academy (“Argent”), located in Carson City, NV, follows the report submitted to the SPCSA on December 8, 2017 (“the December Report”). In that report, the Receiver outlined four possible paths forward for Argent. The SPCSA indicated that two of the four merit further consideration: (1) school closure or (2) investigating “an aggressive retooling” of the school, including a possible partnership with Summit Learning, a curriculum and platform provider in Northern California. The Receiver has further investigated those two options and, for the reasons outlined below (Part II) recommends surrender of the school charter and closure.

The Receiver recognizes that school closure creates hardships for the students, families and staff in this school community. In the case of Argent, which offers an unusual “hybrid” model of distance learning with on-site support, school closure also means removing a rare and flexible, if ultimately misguided, offering from the array of educational choices available to families in Northern Nevada. As a policy matter, Nevada (as well as other states) faces the challenge of balancing very poor performance rates in K-12 distance learning and the desire to offer flexible alternatives to traditional public schools. In the course of investigating the path of a redesign for Argent, the Receiver has researched both the Summit Learning partnership as well as flaws and best practices in distance learning models.

As described in Part II D below, the Receiver concludes that distance learning is not an appropriate model for educating students who struggle with academic performance and/or social emotional challenges. In order to succeed, those students simply require more support, structure and quality curriculum and instruction than is provided by distance learning. Part IV outlines the legal framework that allows for the recommendation of charter surrender and closure and that requires initial SPCSA action and subsequent court approval. Part V provides an overview of the closure process and key next steps.

Before proceeding with my explanation, it is important to note that among the many reasons that have led the Receiver to conclude that the charter should be surrendered and the school closed, **concerns about the professionalism of the staff or their commitment to serving Argent’s students are decidedly NOT among them.** The Argent staff are a group of committed, well-intentioned, and professional educators who have approached the school’s challenges with optimism and effort. They have, as described in the December report and below, instituted various changes directed at improving the educational offering for Argent’s students, including trying to establish more accountability measures, more mentoring for students, and more parent engagement. They may not entirely agree with the Receiver’s conclusions in this report, and not for any nefarious reason, but because they care so deeply about the Argent students that it’s hard to imagine that this school’s model cannot be viable and successful. The Receiver’s recommendation to close is made notwithstanding their genuine commitment to the school and its students.

II. The Receiver’s Recommendation for School Closure

In the December Report, the Receiver suggested one path forward might be a retooling of Argent to place it on a path towards significant improvement, even if not immediately meeting the SPCSA’s conditions for continued operation (December Report, p. 15, “Path two: Receiver Assesses Options to Significantly Modify and Improve Program”). The Receiver set forth five initial steps to

investigate the prospects for a potential school turnaround. Unfortunately, further investigation led the Receiver to conclude that Argent’s model and program were ultimately not viable. As detailed in the December Report, although Argent has made some meaningful improvements to its program since Receiver’s appointment, certain entrenched problems, including low enrollment, high student transiency rates, and low graduation rates, render the school not viable in the short or long term. These challenges reflect an even more fundamental problem: Argent’s distance learning model -- even with various options for onsite support -- is the wrong model for the students it serves, who are largely low-performing with socio-emotional and/or family support and stability challenges. While school closure is difficult for students, families and staff, keeping this school open with no viable path toward a school model that effectively serves these students does an even greater disservice by continuing to offer a poor program with insufficient support for its vulnerable students. Following the December report, and after further investigation and consideration, the Receiver recommends that Argent be closed, effective June 2018.

A. Transiency and Program Model: The “Way Station” Problem

One of Argent’s greatest challenges is the exceedingly high transiency rate in its student population. As a result, the program is less of a school and more of a way station for students seeking a refuge – often temporary – from other educational settings. The way station model, while attractive to students for a variety of reasons, makes creating a quality educational program nearly, if not in fact, impossible.

Enrollment data from this year demonstrate the severity of the transiency problem. As of February 9, 2018, with almost 40% of the school year remaining, one-fifth to one-half of Argent students in each grade left the school. One-quarter to almost one-half of students in each grade entered the school at least a month after school started and on a rolling, unpredictable basis, with the possibility of more as the school year continues. As seen in the table below, Argent keeps a revolving door turning for students, so that the population the school is trying to educate changes – meaningfully – on a month to month basis.

Table 1: Student transiency snapshot as of February 9, 2018:

Grade level	Total Students Enrolled This Year	Students Withdrawn by 2/9	% of students who have withdrawn since BOY	Students who entered at least a month after BOY	% of students who entered at least a month after BOY
9	29	9	31%	14	48%
10	47	9	19%	14	30%
11	63	18	29%	22	35%
12	80	40	50%	21	26%

This transiency rate creates numerous, significant, and ultimately insurmountable barriers to school improvement for a variety of reasons:

1. In order to improve performance, a school must be able to identify, monitor, group, and serve struggling students using thoughtful and targeted interventions. The constantly shifting school population make each of those steps administratively burdensome, wasteful, and ultimately likely unsuccessful. Even if the school developed a meaningful data system to monitor student performance, a significant portion of time would be

devoted to tracking and reconfiguring instructional plans around newly arrived or recently departed students.

2. The school experiences additional financial burdens and waste as it is effectively attempts to educate many more students in a year than its enrollment number, at a given time, reflects.
3. Building strong culture and community – a centerpiece of a healthy instructional setting – is exceedingly difficult with a constantly changing student population. High transiency rates means not only students, but families, rotating in and out of the school on a regular basis creating a general instability that makes building a sound educational foundation difficult.

As the transiency data indicate, Argent's distance learning model has become a way station model. Students, often with socio-emotional and/or learning challenges, come to Argent when their previous school setting has failed them. They find in it a place where they can "lay low": low expectations for attendance and schoolwork mean students can either meet the minimum or continue to fail without consequence (as the course failure rate demonstrates). Students have reported they like Argent because it is "easy." Because of the low expectations and accountability and lack of support services, these students are highly likely to leave just as they came: not having succeeded and looking for another place or way to "lay low." The low expectations and the poor caliber of the education sends a message about these students' worthiness that can have a further damaging effect on them.¹

B. Enrollment: The Viability Problem

In addition to Argent's transiency challenge, it has a significant problem with low enrollment, which threatens its economic viability. The enrollment challenges were detailed in the December Report (p. 13). Program changes since the 2016-17 school year did not reverse declining enrollment, which appears to continue, with 50% of the school's seniors, its largest class, having left the school by February 9th of this year. The question posed in the December Report remains: whether attempts to improve the school program and to impose more accountability on students and families has further discouraged enrollment and would continue to do so in the future. It may be that for certain students and families, the "way station" model is more desirable.

C. Curriculum and Instruction

As described in the December report, despite Argent's physical campus, it follows a 100% distance learning curriculum that lacks rigor and alignment to standards and, most important, fails to engage students who need more interactive, engaging, and supported material to persist with their studies. The Receiver researched a possible partnership with Summit Learning, a curriculum and platform provider, as one path to program improvement. While a Summit Learning partnership would offer the school several benefits and could, theoretically, be part of a successful school model, the Receiver believes that a Summit partnership alone is not an effective school model. For the Summit Learning partnership to be effective it either needs to be a component within an existing more traditional and highly functioning school, or part of strategy of homeschooling students.

¹. These students may also be more likely to come from unstable families where dislocation or transiency is more likely. However, this factor alone cannot explain the staggering number of students who come to and leave Argent in the course of a school year, and likely merely compounds the problem.

As promised in the December Report, the Receiver has since investigated the Summit offering thoroughly, which included having multiple conversations with Summit staff, an online training session on their program, a meeting with Argent staff to preview the program and to discuss the viability of implementation. In addition, in order to understand challenges and benefits to implementation in Argent's unusual hybrid setting, the Receiver's representative had a lengthy conversation with a leader at a Summit Partner school in San Diego that has a hybrid distance/onsite model. (Although the conversation was informative, it was not a perfect comparison because the school's students were homeschool students rather than following a 100% distance learning curriculum. The Receiver's investigation into Summit revealed the following.

Summit Learning is an offshoot of Summit Schools, a high-performing charter school network based in Northern California. For three years, Summit Learning ("Summit") has been offering its project-based curriculum map and materials and its learning platform to schools nationwide who successfully apply to be a partner. Summit's partnerships and materials are offered free of charge and include some free training and ongoing coaching to schools implementing the program. Summit's curriculum has been developed and honed out of the work done at its Summit Schools. It is considered rigorous and engaging – particularly its project-based orientation – and offers AP level classes at the high school level. It is not a professionally published, packaged and sold curriculum, and therefore appears to lack some of the uniformity of form, editing and proofreading, and more sophisticated tools that a publisher or curriculum company's offering might include.

The Receiver identified clear benefits that a Summit partnership would bring to Argent. The school would have a higher-quality, more engaging curriculum, and that curriculum would be tied to a data platform that would improve student performance monitoring and performance data analysis. In addition, it would expose school leadership and teachers to high quality training – albeit a limited amount – in connection with the partnership.

Summit, however, is merely a school curriculum offering and not a program overhaul. Entering a partnership with Summit would not answer important questions about the school model that would best serve Argent's students and it would not resolve the school's transiency problem. Perhaps most important, it would provide no assistance with meeting SPCSA accountability requirements, such as reaching acceptable graduation rates.

Finally, while Summit's curricular offerings are high-quality and detailed, the partnership is only three years old and they remain a work in progress and are not completely uniform in level of detail across subject matters and grade levels. It differs from a professionally published curriculum in that regard. Teachers with little or no traditional classroom experience, such as those who proctor distance learning classes, likely need a higher level of consistency and detailed plans to succeed.

There are also specific implementation hurdles to a potential Summit partnership. This year, in an effort to offer more student support and accountability, Argent has revised its attendance policy to require students to spend more days on campus each week. This policy change has had limited to mixed success. Summit's curriculum was designed in and for traditional five-day, full-time, brick-and-mortar schools. While Summit has said it would entertain an application to implement the program with fewer student days on-site (and has done so, for example with the San Diego school), Argent staff members were unsure whether they could get

even limited weekly attendance on a consistent enough basis to be successful with Summit's curriculum. They also had reservations about whether the Summit scheduling requirements could work with their current staffing-driven course scheduling.

In short, while a successfully implemented Summit Learning partnership could bring improvement to a school, especially in the areas of student engagement, student performance monitoring, and curriculum quality, it alone cannot solve the structural and foundational challenges that confront Argent. Also, with respect to transiency and enrollment, it is possible that a partnership with Summit would constitute such a strong turn away from the low expectations "way station" model, it might further – at least at first – imperil the school's already perilously low enrollment.

D. The Fundamental Challenge of Distance Learning as a Model

Underlying the specific challenges faced by Argent is the more fundamental problem that a distance learning model is simply inappropriate and even potentially harmful to the population of the students it serves. As a general matter, full-time distance learning schools lag well behind traditional schools, public or charter, in student performance. Numerous studies have recognized that distance learning is poorly suited to underperforming students because of the level of motivation required and the need for greater structure and support than distance learning provides. As the Receiver noted in the December Report, just as failing urban traditional public schools have been called "warehouses" for students, distance learning programs for at-risk students commit a kind of "virtual" warehousing. While Argent's attempts, particularly in the last year, to institute more onsite support and accountability are admirable, they are insufficient to counter the complete mismatch between a distance learning approach and struggling secondary students.

The charter school and alternative school movement have done decades of investigation and investment in reforms to serve the kind of students that have too readily been swept into distance learning programs such as Argent's. Those efforts as well as much academic study have identified both what makes for high quality education generally and what in particular works best with struggling students. Distance Learning as it has been offered at Argent [and in Nevada more generally] is the opposite of what a strong secondary education looks like:

Needs of Struggling Student Populations vs. what Distance Learning offers:

Educational Best Practices, especially for low performing students:	What Distance Learning, even with hybrid model, yields:
<ul style="list-style-type: none"> - consistency and stability of environment, routines, and relationships; ability to track progress and target interventions over time 	<ul style="list-style-type: none"> - high rate of transiency and drop-outs²
<ul style="list-style-type: none"> - a mix of high expectations, strong teacher-student relationships, clarity and structure in instruction, active learning, encouragement and praise, consistent corrections and consequences. (In urban education, referred to as a “warm demander” approach that sets high expectations grounded in strong and supportive teacher-student relationships).³ 	<ul style="list-style-type: none"> - expectations of curriculum and teachers are low, teacher-student relationship extremely limited, no active, interpersonal or collaborative learning. - neither “warmth” (emotional support) nor “demand” (high expectations) are offered where students study on their own, at computers, using materials that lack rigor, with flexible often ignored deadlines.
<ul style="list-style-type: none"> - students should work on engaging material, with connection to their lives and backgrounds, in multiple modalities, with many opportunities for collaboration and community⁴ 	<ul style="list-style-type: none"> - anonymized curricula meant to be completed on a computer and alone
<ul style="list-style-type: none"> - teacher effectiveness is the strongest school-related determinant of student success⁵ 	<ul style="list-style-type: none"> - distance learning minimizes and changes the role of the teacher to proctor
<ul style="list-style-type: none"> - Regular school attendance is correlated with higher student performance.⁶ Attendance accountability is a 	<ul style="list-style-type: none"> - Flexibility is viewed as a prerogative and an assumed “good,” as opposed to

² Public Impact and the National Association of Charter School Authorizers. *Study of Virtual School Performance and Impact*. 2015.

“Virtual schools, which offer full-time instruction online and represent a slim 1 percent of all high schools, have the highest percentage of low-graduation schools – 87 percent . The average graduation rate for virtual schools is 40 percent .” McLaughlin, Claire. “Low Graduation Rate Schools Concentrated in Charter, Virtual Sector.” *NEA Today*. May 16, 2016

³ Goss, Peter and Sonneman, Julie. *Engaging Students: Creating Classrooms that Improve Learning*. Grattan Institute. February 2017 (summarizing meta studies on best instructional practices).

⁴ Manning, Maureen. “Self-Concept and Self-Esteem in Adolescents,” *National Association of School Psychologists Online*, February 2007.

⁵ Adelman, C. (2006). *The Toolbox Revisited: Paths to Degree Completion from High School through College*. Washington, DC: U.S. Department of Education.

⁶ National Center for Education Statistics. “Every School Day Counts: The Forum Guide to Collecting and Using Attendance Data.” <https://nces.ed.gov/pubs2009/attendancedata/chapter1a.asp>

<p>centerpiece of performance frameworks. Flexibility in attendance should be accorded only where necessary or where a proven educational benefit can be shown.</p>	<p>offered only when it has been shown to be necessary or beneficial.</p> <ul style="list-style-type: none"> - Most secondary students – especially low performers – need structure, routine, accountability, and regular strong adult relationships to achieve good learning outcomes. - Flexibility and inconsistent attendance makes targeted interventions, helpful student groupings, and driving towards progress goals much more difficult.
<ul style="list-style-type: none"> - sense of community and strong group “culture of success” reinforce positive performance - feeling of belonging and teamwork, working towards same goal of achievement; use of social capital and relationships to improve learning outcomes 	<ul style="list-style-type: none"> - students work alone, lack community, completely lose well-recognized reinforcing power of culture and relationships.

Distance Learning in secondary school is best used as a supplemental, not a primary offering, to more variety and extension opportunities for students who have a demonstrated ability to succeed with independent study. Students who may succeed with a distance learning course – especially an asynchronous one - need little support or external structures, and/or who may have strong family support, such as some homeschoolers. Distance Learning offered to students who do not meet that criteria is a recipe for failure. It deprives them of the opportunity for consistent, structured, collaborative learning in an instruction and support-rich environment. Even for students who do meet that criteria, it is highly questionable whether full-time distance learning, especially asynchronous learning, is developmentally appropriate for secondary students. A hybrid model, such as Argent’s, which attempts to compensate for some of the harmful effects of the distance model with on-site mentoring and support – even if perfectly executed – still affords too much flexibility, no true, much less high-quality instruction, and not enough support or expectations to properly educate this population of students. Also, as enrollment, transiency and graduation figures have demonstrated, it is not clear that there is a market for a hybrid model.

If it is clear, then, that effectively serving struggling students means having them on-site, in a quality program, with an engaging and rigorous curriculum and well-trained teachers, as well as heavy support and enrichment structures, why does the call for Distance Learning or “flexible” or “hybrid” programs persist, from both policy-makers and parents? Some answers to the question are both unsatisfying and unsavory.⁷

Another answer lies in confusion over who the programs are designed to serve. A “kitchen sink” of student profiles is mentioned, including high school rodeo stars, medically homebound students, migrant students, students suffering from socio-emotional conditions exacerbated in a traditional school setting, students who help parents care for younger siblings, etc. In fact, each of

⁷ Kirsch, Zoe, and Smiley Stephen. “Why Bad Online Classes Are Still Taught in Schools,” Slate.com, May 25, 2017.

these types of students has a different need, and a 100% distance learning curriculum serves none of them. For students who have been bullied or otherwise not thrived in a traditional classroom, a school model should offer greater adult oversight and on-site socio-emotional supports paired with a plan to set and meet high academic expectations, a critical boost to student self-esteem. For students whose parents prefer them to have greater flexibility, it should be afforded only if it delivers a demonstrated educational benefit, not simply convenience for the family. Students who have difficulty reaching school or are engaged in meaningful and significant extra-curricular activities outside of school should have a strong accountability-based plan that insures academic progress with some opportunities for collaboration, which could be achieved in a variety of ways. It may be that a single school model cannot serve such disparate students and situations and that it is better to assess student needs and tailor elements of existing or new programs to those needs. It seems clear, however, that much work has been done in the greater education community to understand how to meet both diverse and high needs in secondary student populations, and a full or even primarily distance education-based approach is not the answer.

III. Conclusion

Argent created a model to serve a population of students and families who prefer a more flexible, non-communal, and less demanding educational experience, not a model based on sound educational practices. The model has been unable to sustain enrollment at viable levels and has created a revolving door of students with high failure rates. It is not viable and, in the Receiver's view, should not be further built upon or encouraged. Using Argent's charter to create an entirely new school is fraught with challenges and ill-advised from both a practical and policy perspective.

Finally, in assessing the best time for school closure, the Receiver has weighed the potential costs and benefits of closing in June of 2018 versus June of 2019, in order to give juniors and credit-deficient seniors a way to finish high school in a familiar environment without an additional, uncertain transition. Postponing closure for this reason would only be warranted if there were a significant cohort of students who had shown long-term commitment to the school and were indeed much more likely to graduate if they finished their studies at Argent. In fact there appears to be just 13 students who have been with the school since the beginning for their freshman year and who are on track to graduate next year. Thirteen students is insufficient to justify an additional year of operating a school slated for closure.

IV. The Legal Framework for Closure

Nevada law provides that a charter school may voluntarily relinquish its charter. See NRS 338A.306 and Nevada Administrative Code 383.335. In the case of Argent there is another layer that must be considered beyond statutory and regulatory requirements and authorization. As an alternative to the revocation of Argent's charter in 2016, school representatives and the SPCSA entered into a Settlement Framework that provided for the appointment of a receiver with judicial oversight. Attached is Appendix 1 which is a copy of the Settlement Framework. The Settlement Framework provided for the appointment of a receiver, confirmed by a court of competent jurisdiction. The Settlement Framework also provided for the appointment of an independent trustee to monitor the performance and compliance of the receiver in accordance with the Settlement Framework and court orders. The appointed Trustee is Mr. Robert Cane. The Settlement Framework does not appear to restrict or limit the ability of the Receiver to surrender the school charter and wind down the affairs of the School. The Order for Appointment of Receiver, however, does appear to impose certain limitations. A copy of the Order for Appointment of Receiver is attached as Appendix 2.

The Order for Appointment for Receiver was entered by the First Judicial District Court in and for Carson City, on July 1, 2016. This order was followed by the Supplemental Order for Appointment of Receiver entered by the Court on August 11, 2016 (“Supplemental Order”) and an Amended Supplemental Order for Appointment of Receiver entered by the Court August 18, 2016 (“Amended Supplemental Order”). A copy of the Supplemental Order and the Amended Supplemental Order are attached as Appendix 3 and 4 respectively. The Supplemental Order was sought and obtained from the Court to further detail the duties, responsibilities and authority of the Receiver. Pursuant to section 1.2 of the Supplemental Receivership Order, the Receiver is authorized to “continue to operate Silver State in such manner, to such extent, **and for such duration** as the Receiver may in good faith determine to be in the best interest of Silver State’s students and in the public interest. . . .” Thus, we see that the Receiver may determine when it is in the best interest of the students and the public interest to cease School operations.

Once the Receiver determines that it is in the best interest of students and the public interest to close the School, the Order for Appointment details the steps that must be taken in order to actually close the School. First, as stated on page 3 of the Order for Appointment of Receiver, beginning at line 3-10, the Receiver must petition the SPCSA for approval of any proposed changes to the Silver State Governing Documents. Silver State Governing Documents is a defined term which includes the existing Charter, Bylaws, and the Policies and Procedures of Silver State. I contend that that voluntarily closing Argent constitutes a change to the existing Charter which in turn requires both SPCSA and court approval.

Next, the Order for Appointment of Receiver continues by stating that after the Receiver petitions the SPCSA and the SPCSA approves any such petition, the “Receiver shall the Petition the Court for approval of the same.” No “amendment” is effective until approved by the SPCSA and the Court. This submission is to the SPCSA is the first step in the surrender and closure process. Should the SPCSA approve my recommendation to surrender the School charter and close the School, the Receiver will immediately file the requisite motion with the Court for approval. As an aside, it should be noted that Trustee Robert Cane supports the Receiver’s recommendations.

V. The Closure Process and Key Next Steps

The statutory requirements for closing a public charter school are found in NRS 388A306 and Nevada Administrative Code 386.335. The Receiver is mindful of the requirements and timeframes set forth in these provisions and will comply with these provisions if the Authority and the Court authorize Argent to surrender its charter and close the school.

The Receiver has experience closing a charter school, Options Public Charter School. The Receiver can attest from personal experience that closing a charter school is a significant undertaking. Students and families need to be supported through the process. Staff need to be incentivized to stay on board through the end of the school year. Student records need to be protected and transitioned. All vendor relationships and contracts must be terminated. In the case of Argent, the physical plant needs to be sold to pay off the remaining debt obligation. The list goes on and on. Pursuant to NRS 388A.306(1)(b), subject to approval by the SPCSA, an administrator of the charter school is to act as a trustee during the process of closure for 1 year after the date of closure. Based on his experience closing a charter school and his intimate knowledge of Argent, the Receiver thinks it makes sense to continue on as the trustee through the closure process if the SPCSA deems this to be in the school’s interest.

Attached as Appendix 5 is the Closure Plan Guideline provided by the SPCSA that contains an effective checklist of the overall items that need to be considered and accomplished when closing a school. This checklist is simply a guideline of items to be considered when closing a charter school and must be coordinated with applicable statute and regulation, the checklist does coincide with the Receiver's experience of the many things that a trustee needs to be mindful of when closing a charter school.

SETTLEMENT FRAMEWORK SILVER STATE CHARTER SCHOOL

The following constitutes an outline for settlement of Silver State Charter School's ("SSCS") possible petition for judicial review of the State Public Charter School Authority's ("SPCSA") decision to close the school after hearings on December 4 and January 4.

The following proposal was approved by the SPCSA Board on March 25, 2016.

1. The current members of the SSCS governing body will be replaced by a receiver to fulfill the duties of the governing body until such time as the Authority can confirm members of the reconstituted governing body of SSCS. Once a quorum has been appointed, the receiver may step down.
2. The SPCSA will select the receiver, which will be confirmed by a court of competent jurisdiction after a joint petition by and between SPCSA and SSCS is approved by counsel for both entities. The order of receivership appointment will be between SSCS, the SPCSA and the receiver, such that the current governing body of SSCS will act to approve said order of appointment before stepping down. The petition shall be filed with the court not later than July 1, 2016 or this agreement becomes voidable by SSCS or the SPCSA;
3. Until a receiver is appointed, the governing body of SSCS will continue to fulfill the duties of that board;
4. The Authority and the receiver shall use best efforts to reconstitute the board, which shall occur not later than July 1, 2019;
5. Both the SPCSA and the SSCS boards acknowledge that this agreement does not constitute renewal of the charter and should the SPCSA decide not to renew SSCS's charter, this agreement will have no further force or effect. Both boards acknowledge that the reconstituted SSCS board's task is formidable and may take up to three years to make progress improving the school's performance to a satisfactory level as specified by statute and Nevada Administrative Code. However, the school must show progress to earn the full length of time necessary for complete turnaround by meeting initial milestones at the end of two years (by the end of the 2017-18 school year). The measures in the renewal will be objectively consistent with those set forth in the statutory scheme for charter contracts and will include specific milestones, each and all of which must be met, or the SPCSA shall consider closure of the school. The parties recognize that entrance into the Alternative Framework may require a recommendation from the sponsor of a charter school. The Parties agree that nothing in this agreement obligates the SPCSA as sponsor of Silver State to recommend Silver State for an Alternative Framework beyond the general duty of good faith and fair dealing implied in all contracts.
 - a. Milestones after two years (at the end of the 2017-18 school year) include: 1) the reconstitution of a Board that the Receiver believes is capable of completing a transformation, 2) graduation rate, as calculated by the Nevada Department of Education for the 2017-18 graduating class, or the 2013-14 adjusted cohort in accordance with 34 C.F.R. §200.19(b), increase to 45%, and 3) clean financial audits with no material adverse findings relating to transactions, occurrences, or events that occurred after approval of this agreement.
 - b. Milestones after three years to (at the end of the 2018-2019 school year) include 1) "Adequate" on the SPCSA's academic performance framework, 2) 60% or greater graduation rate, as calculated by the Nevada Department of Education for the 2018-19 graduating class, or the 2014-15 adjusted cohort in accordance with 34 C.F.R. §200.19(b), 3) 3 star rating or equivalent satisfactory rating on a statutorily created Alternative Framework, as it

may or may not exist, and 4) continued clean financial audits with no material adverse findings relating to transactions, occurrences, or events that occurred after approval of this agreement.

6. Upon approval of the renewal, SSCS will waive its appellate rights in relation to the closure at issue any and all alleged violations of NRS 233B, and the SPCSA will agree to take no action on any currently agendized notices of closure and pursue no further closure for past graduation rates or as to other academic matters prior to the application for renewal except for those included in this agreement;
7. Upon the receiver's appointment by a court pursuant to a joint petition the current members of the SSCS governing body will dissolve. The receiver will step in as the governing body subject to all current contracts, obligations, employment agreements, etc., of SSCS.
8. The SPCSA and SSCS Board's agree to jointly submit the names of three trustees to the Court that appoints the receiver. The court shall appoint one trustee whose sole duty shall be to hold the capacity to bring action on behalf of SSCS to enforce the receivership appointment. No other entity shall have standing to enforce the appointment on behalf of SSCS. Should the Trustee bring an action to enforce the receivership appointment which is unsuccessful and the court determines to be in bad faith, the SPCSA shall have the right to declare this agreement void and proceed with any and all accountability measures against the school.

1 CASE NO.

2 DEPT. NO.

REC'D & FILED
2016 JUL -1 PM 2:21
SUSAN MERRIWETHER
CLERK
BY _____
DEPUTY

6 IN THE FIRST JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA

7 IN AND FOR CARSON CITY

8 STATE OF NEVADA, *ex rel.* its STATE
9 PUBLIC CHARTER SCHOOL
10 AUTHORITY,

11 Petitioner ,

12 v.

13 SILVER STATE CHARTER SCHOOL,

14 Respondent.

ORDER FOR APPOINTMENT OF
RECEIVER

15 This matter comes before the Court pursuant to the the Joint Petition for Appointment
16 of Receiver submitted by the State of Nevada *ex rel.* its State Public Charter School Authority
17 ("Petitioner" or "SPCSA"), joined by, and with the fully informed consent of Silver State Charter
18 School ("Respondent" or "Silver State"). This Court has read the Joint Petition, as well as the
19 law applicable to the issues raised therein, and deeming itself fully advised of the matter,
20 hereby enters its Order as follows:

21 **IT IS HEREBY ORDERED**, pursuant to the Court's power under Section 6, Subsection
22 2 of Senate Bill 509 of the 78th session of the Nevada Legislature, that Joshua Kern of Ten
23 Square LLC shall be and is hereby appointed as a qualified independent and neutral receiver
24 ("Receiver"), with a background in education, school finance, school administration, and/or
25 business, to fulfill the obligations and duties of the Governing Board of Silver State Charter
26 School until such time as the Petitioner, through the recommendations of this court appointed
27 Receiver is able to fully reconstitute the governing board of Respondent, which shall occur no
28

1 later than July 1, 2019, and which shall follow the procedure outlined in Section 6, subsection
2 1 of Senate Bill 509 of the 78th session of the Nevada Legislature approved by the Governor
3 on June 10, 2015 and effective January 1, 2016 for reconstituting the governing body.

4 **IT IS FURTHER ORDERED** that Stacey Cooper, Administrator of Curriculum and
5 Charter School Oversight (Washoe County School District) shall be and is hereby appointed
6 as a trustee whose sole duty shall be to hold the capacity to bring action on behalf of Silver
7 State to enforce the receivership.

8 **IT IS FURTHER ORDERED** that the Settlement Framework agreed to by both SPCSA
9 and Silver State, which has been adopted and approved by both the SPCSA and the Silver
10 State Governing Board and is attached hereto as Exhibit "A" and fully incorporated herein as
11 part of this Order of Appointment of Receiver.

12 **IT IS FURTHER ORDERED** that the Receiver shall have the responsibilities of, and
13 perform the duties, be subject to the obligations, and subject to the limitations of the
14 Governing Board of Silver State, as set forth in NRS Chapter 386, including but not limited to
15 the charter, Bylaws, Policies and Procedures of the Board, and the Settlement Framework,
16 attached hereto as Exhibit "A."

17 **IT IS FURTHER ORDERED** that the Receiver is subject to all current personnel
18 contracts, and will abide by the existing charter, Bylaws, Policies and Procedures of Silver
19 State, (collectively, "Silver State's Governing Documents") which shall remain in full force and
20 effect and may only be terminated or modified according to the existing terms or processes.

21 **IT IS FURTHER ORDERED** That the Receiver shall not terminate or demote the
22 current executive director of SSCS without cause for at least one year following the
23 appointment of the Receiver, and then only as outlined in the current executive director
24 agreement.

25 **IT IS FURTHER ORDERED** that the Receiver shall have the ability to modify or cancel
26 non-personnel contracts, leases or other contracts, as the Receiver may deem in his/her
27 discretion to be appropriate for or benefit of the students of Silver State; and to terminate any
28

1 existing non-personnel contract, agreement or instrument which is not commercially
2 reasonable or beneficial.

3 **IT IS FURTHER ORDERED** that the Receiver shall also have the power to petition this
4 court for clarification of his or her rights, powers, duties and obligations as Receiver and has
5 the same power as the Governing Board of Silver State to amend Bylaws, Policies and
6 Procedures of the Board, and to seek to amend the charter as necessary; however, the
7 Receiver shall petition the SPCSA Board for approval of any proposed changes to Silver
8 State's Governing Documents, and if the SPCSA approves such a petition, the Receiver shall
9 then Petition the Court for approval of the same. No such amendment shall be effective until
10 approved by the SPCSA Board AND the Court

11 **IT IS FURTHER ORDERED** that at least quarterly, the Receiver shall meet with the
12 Executive Director of Silver State to discuss the operations of Silver State.

13 **IT IS FURTHER ORDERED** that at least quarterly, the Receiver shall hold a public
14 meeting consistent with the requirements of the Open Meeting Law (NRS Chapter 241) to
15 discuss issues related to the exercise of his or her duties or report to the SPCSA Board at a
16 public meeting where meeting consistent with the requirements of the Open Meeting Law
17 (NRS Chapter 241) and receive public comment regarding the same.

18 **IT IS FURTHER ORDERED** that at least quarterly, the Receiver shall file with the Court
19 a progress report, including an expense report, with notice provided to the trustee and posted
20 on Silver State's website. All expenses, including the Trustee's fees and the Receiver's own
21 fees and the fees of any professionals hired by the Trustee or the Receiver, shall be approved
22 by the Court. All fees payable to the Trustee and Receiver shall be approved by the Court
23 before they are paid.

24 DATED this 1st day of July, 2016

25 By: James T. Russell
26 DISTRICT JUDGE

REC'D & FILED

2016 AUG 11 PM 2:05

SUSAN HERRIWETHER
CLERK

BY A. JEFFRIES
DEPUTY

1 CASE NO. 16OC001561B

2 DEPT. NO. 1

6 **IN THE FIRST JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**

7 **IN AND FOR CARSON CITY**

8 STATE OF NEVADA, ex rel. its STATE
PUBLIC HARTERS CHOOOL AUTHORITY,

9 Petitioner,

10 v.

11 SILVER STATE CHARTER SCHOOLS,

12 Respondent.

**SUPPLEMENTAL ORDER FOR
APPOINTMENT OF RECEIVER**

14 This matter comes before the Court pursuant to the Receiver's Petition to Clarify His
15 Rights, Duties and Obligations as Receiver ("Receiver Petition") pursuant to the Order for
16 Appointment of Receiver entered on July 1, 2016 ("Receiver Order"). Pursuant to the Receiver
17 Order, the Receiver is authorized to "petition the court for clarification of his . . . rights, powers,
18 duties and obligations as Receiver." The Court, having read the Receiver Petition, as well as the
19 law applicable to the issues raised therein, and deeming itself fully advised of the matter, hereby
20 enters its Order as follows:

21 IT IS HEREBY ORDERED, that the Receiver Petition is granted;

22 IT IS FURTHER ORDERED, that the Receiver Order shall remain in full force and
23 effect and shall be controlling to the extent there are any conflicts between the Receiver Order
24 and the Supplemental Order;

25 IT IS FURTHER ORDERED, that the Receiver's rights, powers, duties and obligations
26 are hereby supplemented, except to the extent limited by the Receiver Order, as follows:

27 1 In addition to those powers granted by the Receiver Order and applicable law, the
28 Receiver is authorized to do the following:

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1.1 To hold, preserve, administer, and operate the business and activities of Silver State consistent with its lawful authority and nonprofit purposes with full authority to perform all acts necessary or incidental thereto, including the power to hire and terminate employees;

1.2 To continue to operate Silver State in such manner, to such extent, and for such duration as the Receiver may in good faith determine to be in the best interest of Silver State's students and in the public interest subject to revocation or termination of Silver State's charter issued by the SPCSA;

1.3 To immediately collect, marshal, take custody, control and possession of, conserve, hold and manage all funds, accounts, property, premises, mail and other assets of, or in the possession or under the control of Silver State, wherever situated, with the power to collect, receive and take possession of all goods, rights, credits, money, leases, books, work papers, and records of accounts, contracts, financial records, monies on hand in banks and other papers and documents of Silver State;

1.4 To employ such managers, agents, employees, servants and contractors including, without limitation, members and employees of TenSquare, LLC, as may in his judgment be advisable or necessary in the management, conduct, control or custody of the affairs of Silver State;

1.5 To make such payments and disbursements as may be necessary and advisable for the preservation of Silver State as may be necessary and advisable in discharging his duties as Receiver;

1.6 To retain and employ investigators, attorneys, accountants and other professionals of his choice, to assist, advise and represent him in his duties as Receiver of Silver State;

1.7 To receive and collect any and all sums of money due to or owing to Silver State in any manner whatsoever, whether now due or hereafter due and payable, and to do such things and enter into such agreements in connection with the administration, care,

1 preservation and maintenance of the business and assets of Silver State as he may deem
2 advisable;

3 1.8 To institute, prosecute and defend, compromise, adjust, intervene in or
4 become a party to, or assist the Attorney General for the State of Nevada in prosecuting such
5 actions or proceedings as may be necessary or proper for the collection, marshaling, protection,
6 maintenance, or preservation of Silver State assets, as well as to appear in and conduct the
7 defense of any suit in any court by or against Silver State, where such prosecution, defense or
8 other disposition of such action or proceeding will in the judgment of the Receiver be advisable
9 and proper for the protection of Silver State;

10 1.9 To obtain information within the custody or control of any person, firm or
11 entity needed to identify the accounts, employees, properties, or other assets of Silver State;

12 1.10 Take exclusive and immediate possession, custody, and control of assets
13 of Silver State wherever located;

14 1.11 Exclude all third parties, or anyone claiming under or through them who
15 does not have valid rights for possession of Silver State assets, or any portion thereof, from
16 possession of assets of Silver State, or any portion thereof;

17 1.12 Use, operate, manage, and control Silver State and its assets;

18 1.13 Have signatory authority over all Silver State bank accounts;

19 1.14 Take exclusive and immediate possession, custody and control of the
20 records, books of account, ledgers and all business records related of Silver State, wherever
21 located and however maintained (including, without limitation, information contained in the
22 computers and any and all software relating thereto, as well as banking records, statements, and
23 canceled checks and a list identifying all passwords, identification numbers, and other
24 information necessary or appropriate for access to these accounts);

25 1.15 Take exclusive and immediate possession, custody and control of all of
26 Silver State's websites, email accounts and passwords (and computers and software relating
27 thereto);
28

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1.16 Take exclusive and immediate possession, custody and control of all documents pertaining to Silver State, including, but not limited to, all licenses, permits, or governmental approvals and execute any and all documents necessary to renew and transfer licenses as allowed by the rules and regulations of the applicable government agencies;

1.17 Take exclusive and immediate possession, custody and control of all contracts, leases, subleases, management agreements, franchise agreements, royalty agreements, employment agreements, licenses, assignments, or other agreements of any kind whatsoever, whether currently in effect or lapsed, which relate to Silver State;

1.18 To continue in effect any contracts, agreements, letters of credit and all other instruments presently existing and not in default; to negotiate or to enter into contracts, agreements, letters of credit, leases, the terms of which may be extended beyond the appointment of the receivership, or other arrangements; or to modify or cancel leases or other contracts, as the Receiver may deem in his discretion to be appropriate for or beneficial to the operation, management, protection and preservation of Silver State; and to terminate any existing contract, agreement or instrument which is not commercially reasonable or beneficial to Silver State;

1.19 Discharge the obligations evidenced by any loan documents pending a judicial or non-judicial sale of Silver State assets;

1.20 To determine whether, in the Receiver's judgment, there is adequate insurance coverage and if sufficient insurance coverage does not exist, to obtain liability, fire and other insurance necessary to provide adequate coverage for Silver State and its assets; the Receiver shall have the discretion to determine who provides insurance coverage and who will be named an additional insured;

1.21 Establish bank accounts in the name of the Receiver at a federally insured banking institution for the deposit of monies and funds collected and received. The Receiver is not required to expend any funds other than those generated or received by Silver State. Monies coming into the possession of the Receiver which are not expended for the purposes herein authorized, shall be held by the Receiver in federally insured banking institution and, to the

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1 extent possible, in interest bearing accounts and disbursed in accordance with further review and
2 approval by the SPCSA;

3 1.22 Deal exclusively with all government authorities, contractors and
4 subcontractors and take all actions necessary to comply with all agreements with and
5 requirements of all governmental authorities;

6 1.23 To take any steps the Receiver believes necessary or desirable to obtain or
7 maintain any licenses, permits, entitlements or governmental approvals;

8 1.24 Expend funds to purchase merchandise, materials, supplies and services as
9 the Receiver deems necessary and advisable to assist it in performing his duties hereunder;

10 1.25 To take and file an inventory of all personal property including, furniture,
11 fixtures, equipment, inventory, contracts, leases and sub-leases of Silver State;

12 1.26 Take such other actions as may be necessary or incidental to the foregoing
13 specific powers, directions, and general authorities;

14 1.27 To obtain from the SPCSA, upon notice to SPCSA, and subject to Court
15 approval, any appropriate modifications of this Appointment;

16 1.28 To file a voluntary petition for bankruptcy relief pursuant either chapter 7
17 or chapter 11 of the United States Bankruptcy Code ("Bankruptcy Code") in the United States
18 Bankruptcy Court for the District of Nevada if the Receiver determines in his business judgment
19 that the filing of such a petition is necessary to preserve and protect the assets of Silver State.
20 The Receiver shall also be authorized to convert or dismiss any such bankruptcy case if the
21 Receiver later determines that conversion or dismissal is in the best interest of Silver State and its
22 creditors. In the event of any such bankruptcy filing, the Receiver shall be authorized to operate
23 Silver State as the debtor-in-possession, subject to any required court authorization.

24 2 In addition to the Receiver's authorized actions delineated above, the Receiver is
25 also authorized to compel, prohibit and/or enjoin, through judicial process or otherwise, the
26 following:

27 2.1 To prohibit and enjoin Silver State, its trustees, members, officers,
28 directors, managers, employees and agents, from collecting any debts due to Silver State; and

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1 paying out, assigning, selling, conveying, transferring, encumbering, or delivering any of Silver
2 State's assets, and entering into any contracts, agreements or leases on behalf of Silver State;

3 2.2 To compel Silver State, its trustees, members, officers, directors,
4 managers, employees and agents to deliver to the Receiver any and all funds, accounts, lease
5 payments, revenues, or income derived from Silver State and its assets, which are currently held
6 by Silver State and/or its trustees, members, officers, directors, managers, employees and agents,
7 and provide to the Receiver information regarding all the accounts in which all rents, lease
8 payments, revenues, and income belonging to Silver State is held and, as necessary, authorize
9 any banks to release such funds to the Receiver;

10 2.3 To compel all persons or entities, including banks, to turn over any funds,
11 operating bank accounts, and safe deposit boxes to the Receiver without delay and delete all
12 designated signors on bank accounts;

13 2.4 To compel Silver State, its trustees, members, officers, directors,
14 managers, employees and agents to turn over to the Receiver, all Silver State assets, in their
15 possession or control, wherever located;

16 2.5 To compel Silver State, its trustees, members, officers, directors,
17 managers, employees and agents and all other persons or entities in possession or control of
18 Silver State assets to turn over to the Receiver the possession, custody, and control of any such
19 assets, including, without limitation, all keys to all locks to real property, all pass codes,
20 passwords and access codes to all computerized equipment, all of Silver State's records, books of
21 account, ledgers and all business records, wherever located and however maintained (including,
22 without limitation, information contained in the computers and any and all software relating
23 thereto, as well as banking records, statements, and canceled checks and a list identifying Silver
24 State and all passwords, identification numbers, and other information necessary or appropriate
25 for access to these accounts) and provide a list to the Receiver of all persons in possession of
26 such keys, codes and/or passwords;

27 2.6 To compel Silver State, its trustees, members, officers, directors,
28 managers, employees and agents to turn over to the Receiver the possession, custody and control

1 of all of Silver State's websites, email accounts and passwords (and computers and software
2 relating thereto);

3 2.7 To compel Silver State, its trustees, members, officers, directors,
4 managers, employees and agents to turn over to the Receiver all documents all licenses, permits,
5 or governmental approvals relating to Silver State;

6 2.8 To compel Silver State, its trustees, members, officers, directors,
7 managers, employees and agents to turn over to the Receiver all documents which constitute or
8 pertain to insurance policies, whether currently in effect or lapsed, and evidence of payment of
9 premiums with respect to each policy;

10 2.9 To compel Silver State, its trustees, members, officers, directors,
11 managers, employees and agents to turn over to the Receiver copies of all real and personal ad
12 valorem property tax bills and other tax bills for 2014, 2015 and 2016, reflecting current
13 balances due and copies of notices or any other assessments due or forthcoming;

14 2.10 To compel Silver State, its trustees, members, officers, directors,
15 managers, employees and agents to turn over to the Receiver all contracts, leases, subleases,
16 management agreements, franchise agreements, construction contracts, architect agreements,
17 plans and specifications, royalty agreements, employment agreements, licenses, assignments, or
18 other agreements of any kind whatsoever, whether currently in effect or lapsed, which relate to
19 Silver State;

20 2.11 To compel Silver State, its trustees, members, officers, directors,
21 managers, employees and agents to turn over to the Receiver all documents of any kind
22 pertaining to any and all toxic chemicals or hazardous material, if any, ever brought, used and/or
23 remaining upon real property owned or occupied by Silver State, including, without limitation,
24 all reports, surveys, inspections, checklists, proposals, orders, citations, fines, warnings and
25 notices;

26 2.12 To compel Silver State, its trustees, members, officers, directors,
27 managers, employees and agents to turn over to the Receiver a status report of any and all
28 judgments entered, or threatened or pending litigation, relating to Silver State;

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1 2.13 To compel Silver State, its trustees, members, officers, directors,
2 managers, employees and agents to turn over to the Receiver all monies derived from Silver
3 State that is in their possession or control, wherever and whatsoever mode maintained;

4 2.14 To compel Silver State, its trustees, members, officers, directors,
5 managers, employees and agents to turn over to the Receiver all mail relating to Silver State. The
6 Receiver is further authorized and empowered to take any and all steps necessary to receive,
7 collect and review all mail addressed to Silver State including, but not limited to, mail addressed
8 to any post office boxes held in the name of Silver State, and the receiver is authorized to instruct
9 the U.S. Postmaster to reroute, hold, and or release said mail to the Receiver;

10 2.15 To compel Silver State, its trustees, members, officers, directors,
11 managers, employees and agents to turn over to the Receiver a list of all individuals presently
12 employed by Silver State including salary and wage information, and all employee files and
13 records;

14 2.16 To compel Silver State, its trustees, members, officers, directors,
15 managers, employees and agents to otherwise cooperate fully with the Receiver in the
16 performance of the Receiver's powers and duties, including, without limitation, the Receiver's
17 exercise of all powers granted to the receiver pursuant to this Appointment;

18 2.17 To prohibit and enjoin Silver State, its trustees, members, officers,
19 directors, managers, employees and agents from committing or permitting any waste of Silver
20 State assets or any part thereof or to suffer, commit or permit any act in violation of the law or
21 transferring, removing, encumbering, or disposing of any real or personal property of Silver
22 State;

23 2.18 To prohibit and enjoin Silver State, its trustees, members, officers,
24 directors, managers, employees and agents from demanding, collecting, receiving, discounting,
25 or in any way diverting or using any of the funds or revenues of Silver State;

26 2.19 To prohibit and enjoin Silver State, its trustees, members, officers,
27 directors, managers, employees and agents from directly or indirectly interfering in any manner
28

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1 with the discharge of the Receiver's duties under this Appointment or the Receiver's possession
2 or operation, or management of Silver State;

3 2.20 To prohibit and enjoin Silver State, its trustees, members, officers,
4 directors, managers, employees and agents from doing any act which will, or which will tend to
5 impair, defeat, divert, prevent, or prejudice the preservation of Silver State assets;

6 2.21 To prohibit and enjoin Silver State, its trustees, members, officers,
7 directors, managers, employees and agents, or any person acting at its direction or in concert
8 with it from transferring selling, seizing, encumbering, or otherwise taking action against or
9 disposing of any Silver State assets;

10 2.22 To prohibit and enjoin Silver State, its trustees, members, officers,
11 directors, managers, employees and agents, or any person acting at its direction or in concert
12 with it from interfering in any way with the Receiver's use, occupancy, maintenance, or
13 operation of Silver State assets;

14 2.23 To prohibit and enjoin Silver State, its trustees, members, officers,
15 directors, managers, employees and agents, or any person acting at its direction or in concert
16 with it from withdrawing funds derived from the operation of Silver State or its assets;

17 2.24 To prohibit and enjoin Silver State, its trustees, members, officers,
18 directors, managers, employees and agents, or any person acting at its direction or in concert
19 with it from paying or transferring Silver State funds other than to the Receiver;

20 2.25 To prohibit and enjoin Silver State, its trustees, members, officers,
21 directors, managers, employees and agents, or any person acting at its direction or in concert
22 with it from removing, disposing of, destroying, concealing, changing or altering any books or
23 records of Silver State;

24 2.26 To prohibit and enjoin Silver State, its trustees, members, officers,
25 directors, managers, employees and agents, or any person acting at its direction or in concert
26 with it from terminating, cancelling or otherwise affecting insurance coverage or utility service
27 for Silver State; or
28

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1 2.27 To prohibit and enjoin Silver State, its trustees, members, officers,
2 directors, managers, employees and agents, or any person acting at its direction or in concert
3 with it from interfering with, noticing an event of default under, canceling or otherwise
4 terminating, altering or changing any franchise agreement.

5 3 The Receiver shall prepare and submit to the SPCSA quarterly reports of income
6 and expenses, including, but not limited to, a quarterly operating statement, a balance sheet,
7 accounts payable, schedule of capital expenditures, schedule of contracts and agreements entered
8 into during the preceding quarterly period, and a schedule of governmental taxes and
9 assessments ("Quarterly Report").

10 4 The Receiver shall not be required to give security or post a bond for the payment
11 of such costs or damages as may arise from the appointment of the Receiver, as Receiver.

12 5 Silver State shall indemnify and hold harmless Joshua M. Kern, individually, in
13 his capacity as Receiver, his agents, contractors, employees and representatives, from any claims
14 which arise out of the operation of this receivership, except in a case where the Receiver has
15 acted knowingly outside the scope of the receivership authority, or committed fraud or
16 intentionally misrepresented the Receiver's ministerial authority as the Receiver, or acted in
17 gross negligence, recklessly or in wanton disregard of his duties. In the event a suit is filed
18 against the Receiver, or a related entity of the Receiver, over an issue arising out of this
19 receivership, except as conditioned above, it shall be incumbent upon the Silver State to
20 reimburse the Receiver for the fees and costs of defending such action, including any appeals
21 thereof to final resolution and award of judgment. Upon any subsequent notice from the SPCSA,
22 or the Court, terminating the appointment of the Receiver, the Receiver shall render a final
23 accounting which shall be submitted to the SPCSA within 60 days of the notice of termination,
24 with copies of the final accounting delivered to the SPCSA and, after Receiver renders such final
25 accounting, Receiver shall be discharged from any further duties as Receiver.

26 6 Miscellaneous Provisions under this Appointment are as follows:

27 6.1 Notices. Any notice required or permitted to be given under this
28 Appointment ("Notice") shall be given in writing, by electronic mail, by certified mail postage

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prepaid, by hand delivery, or by recognized overnight courier service to any party at the address set forth below; and, if by hand delivery, shall be deemed to have been given or made on the day on which it was given; if by recognized overnight courier service, and shall be deemed to have been given on the business day immediately after it was sent. The physical and electronic mail addresses and telephone numbers for each party are as follows, subject to written notice of change of such information in accordance with this provision:

If to SPCSA: 1749 North Stewart Street, Suite 40
 Carson City, Nevada 89706-2543
 E-mail: pgavin@spcsa.nv.gov
 Attn: Mr. Patrick J. Gavin, Director

With a copy to: Gregory D. Ott
 Deputy Attorney General
 Nevada Attorney General
 100 North Carson Street
 Carson City, Nevada 89701
 E-mail: GOtt@ag.nv.gov

If to Receiver: Joshua M. Kern
 TenSquare, LLC
 818 Connecticut Avenue, NW
 Suite 1009
 Washington, DC 20006
 E-mail: josh@thetensquaregroup.com

With a copy to: Richard F. Holley, Esq.
 Holley Driggs Walch
 Fine Wray Puzey & Thompson
 400 S 4th Street, Third Floor
 Las Vegas, Nevada 89101
 Email: rholley@nevadafirm.com

6.2 Compensation The Receiver shall be paid from the assets of Silver State, including insurance policies, all compensation arising out of the Receivership. The Receiver shall be paid \$35,000.00 for preparing the initial report to SPCSA regarding Silver State. The Receiver shall also be compensated at the rate of \$24,000.00 per month for his time spent operating, managing and administering the business operations of Silver State and collecting, administering, preserving and protecting Silver State and its assets. The Receiver shall also be reimbursed for all costs pertaining to the Receivership. All administrative fees and expenses, including Receiver's fees and professionals retained by the Receiver shall be subject to Court approval before being paid.

5 6.4 Amendments. This Appointment may not be modified or amended except
6 upon approval of the SPCSA and order of the Court.

6.5 No Waiver. No waiver of any powers, duties or obligations stated herein by any of the Parties hereunder shall be implied from any omission to take action on account thereof on one or more occasions, and no express waiver shall affect any power, duty or obligation other than that referenced therein, and any such waiver shall be operative only for the time and to the extent stated therein. No waiver of any kind herein shall be effective unless set forth in a writing signed by the SPCSA and the Receiver.

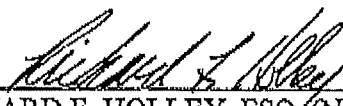
13 Dated this 11th day of August, 2016.

James T. Russell
DISTRICT JUDGE

1 Prepared and Submitted by:

2 HOLLEY DRIGGS WALCH
3 FINE WRAY PUZEY & THOMPSON

4 By:

5 
6 RICHARD F. HOLLEY, ESQ. (NV Bar 3077)

7 E-mail: rholley@nevadafirm.com

8 OGONNA M. BROWN, ESQ. (Nevada Bar No. 7589)

9 E-mail: obrown@nevadafirm.com

10 400 South Fourth Street, Third Floor

11 Las Vegas, Nevada 89101

12 Telephone: 702/791-0308

13 Facsimile: 702/791-1912

14 Attorneys for Joshua M. Kern, solely in his capacity as Receiver of SILVER STATE
15 CHARTER SCHOOLS

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FINE-WRAY-PUZEY-THOMPSON
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CERTIFICATE OF MAILING

I HEREBY CERTIFY that, on the 14 day of September, 2016, and pursuant to NRC 5(b), I deposited for mailing in the U.S. Mail a true and correct copy of the foregoing NOTICE OF ENTRY OF AMENDED SUPPLEMENTAL ORDER FOR APPOINTMENT OF RECEIVER, postage prepaid and addressed to:


ADAM PAUL LAXALT
Nevada Attorney General
GREG D. OTT
Deputy Attorney General
100 North Carson Street
Carson City, Nevada 89701
*Attorneys for the State of Nevada,
State Public Charter School Authority*

Robert Cane
7826 Morgan Pointe Circle
Reno, Nevada 89523
Proposed Successor Trustee



An employee of Holley Driggs Walch
Fine Wray Puzey & Thompson

1 CASE NO. 16OC001561B
2 DEPT. NO. 1
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5

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2016 AUG 18 PM 1:52
SUSAN MERRIWETHER
CLERK
BY  DEPUTY

6 **IN THE FIRST JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**
7 **IN AND FOR CARSON CITY**

8 STATE OF NEVADA, ex rel. its STATE
9 PUBLIC HARTERS CHOOOL AUTHORITY,

10 Petitioner,

11 v.

12 SILVER STATE CHARTER SCHOOLS,

13 Respondent.

**AMENDED SUPPLEMENTAL ORDER
FOR APPOINTMENT OF RECEIVER**

14 This matter comes before the Court pursuant to the Receiver's Petition to Clarify His
15 Rights, Duties and Obligations as Receiver ("Receiver Petition") pursuant to the Order for
16 Appointment of Receiver entered on July 1, 2016 ("Receiver Order"). Pursuant to the Receiver
17 Order, the Receiver is authorized to "petition the court for clarification of his . . . rights, powers,
18 duties and obligations as Receiver." The Court, having read the Receiver Petition, as well as the
19 law applicable to the issues raised therein, and deeming itself fully advised of the matter, hereby
20 enters its Amended Order as follows:

21 IT IS HEREBY ORDERED, that the Receiver Petition is granted;

22 IT IS FURTHER ORDERED, that the Receiver Order shall remain in full force and
23 effect and shall be controlling to the extent there are any conflicts between the Receiver Order
24 and the Amended Supplemental Order;

25 IT IS FURTHER ORDERED, that the Receiver's rights, powers, duties and obligations
26 are hereby supplemented, except to the extent limited by the Receiver Order, as follows:

27 1 In addition to those powers granted by the Receiver Order and applicable law, the
28 Receiver is authorized to do the following:

1.1 To hold, preserve, administer, and operate the business and activities of Silver State consistent with its lawful authority and nonprofit purposes with full authority to perform all acts necessary or incidental thereto, including the power to hire and terminate employees;

1.2 To continue to operate Silver State in such manner, to such extent, and for such duration as the Receiver may in good faith determine to be in the best interest of Silver State's students and in the public interest subject to revocation or termination of Silver State's charter issued by the State Public Charter School Authority ("SPCSA");

1.3 To immediately collect, marshal, take custody, control and possession of, conserve, hold and manage all funds, accounts, property, premises, mail and other assets of, or in the possession or under the control of Silver State, wherever situated, with the power to collect, receive and take possession of all goods, rights, credits, money, leases, books, work papers, and records of accounts, contracts, financial records, monies on hand in banks and other papers and documents of Silver State;

1.4 To employ such managers, agents, employees, servants and contractors including, without limitation, members and employees of TenSquare, LLC, as may in his judgment be advisable or necessary in the management, conduct, control or custody of the affairs of Silver State;

1.5 To make such payments and disbursements as may be necessary and advisable for the preservation of Silver State as may be necessary and advisable in discharging his duties as Receiver;

1.6 To retain and employ investigators, attorneys, accountants and other professionals of his choice, to assist, advise and represent him in his duties as Receiver of Silver State;

1.7 To receive and collect any and all sums of money due to or owing to Silver State in any manner whatsoever, whether now due or hereafter due and payable, and to do such things and enter into such agreements in connection with the administration, care,

1 preservation and maintenance of the business and assets of Silver State as he may deem
2 advisable;

3 1.8 To institute, prosecute and defend, compromise, adjust, intervene in or
4 become a party to, or assist the Attorney General for the State of Nevada in prosecuting such
5 actions or proceedings as may be necessary or proper for the collection, marshaling, protection,
6 maintenance, or preservation of Silver State assets, as well as to appear in and conduct the
7 defense of any suit in any court by or against Silver State, where such prosecution, defense or
8 other disposition of such action or proceeding will in the judgment of the Receiver be advisable
9 and proper for the protection of Silver State;

10 1.9 To obtain information within the custody or control of any person, firm or
11 entity needed to identify the accounts, employees, properties, or other assets of Silver State;

12 1.10 Take exclusive and immediate possession, custody, and control of assets
13 of Silver State wherever located;

14 1.11 Exclude all third parties, or anyone claiming under or through them who
15 does not have valid rights for possession of Silver State assets, or any portion thereof, from
16 possession of assets of Silver State, or any portion thereof;

17 1.12 Use, operate, manage, and control Silver State and its assets;

18 1.13 Have signatory authority over all Silver State bank accounts;

19 1.14 Take exclusive and immediate possession, custody and control of the
20 records, books of account, ledgers and all business records related of Silver State, wherever
21 located and however maintained (including, without limitation, information contained in the
22 computers and any and all software relating thereto, as well as banking records, statements, and
23 canceled checks and a list identifying all passwords, identification numbers, and other
24 information necessary or appropriate for access to these accounts);

25 1.15 Take exclusive and immediate possession, custody and control of all of
26 Silver State's websites, email accounts and passwords (and computers and software relating
27 thereto);
28

1.16 Take exclusive and immediate possession, custody and control of all documents pertaining to Silver State, including, but not limited to, all licenses, permits, or governmental approvals and execute any and all documents necessary to renew and transfer licenses as allowed by the rules and regulations of the applicable government agencies;

1.17 Take exclusive and immediate possession, custody and control of all contracts, leases, subleases, management agreements, franchise agreements, royalty agreements, employment agreements, licenses, assignments, or other agreements of any kind whatsoever, whether currently in effect or lapsed, which relate to Silver State;

1.18 To continue in effect any contracts, agreements, letters of credit and all other instruments presently existing and not in default; to negotiate or to enter into contracts, agreements, letters of credit, leases, the terms of which may be extended beyond the appointment of the receivership, or other arrangements; or to modify or cancel leases or other contracts, as the Receiver may deem in his discretion to be appropriate for or beneficial to the operation, management, protection and preservation of Silver State; and to terminate any existing contract, agreement or instrument which is not commercially reasonable or beneficial to Silver State;

1.19 Discharge the obligations evidenced by any loan documents pending a judicial or non-judicial sale of Silver State assets;

1.20 To determine whether, in the Receiver's judgment, there is adequate insurance coverage and if sufficient insurance coverage does not exist, to obtain liability, fire and other insurance necessary to provide adequate coverage for Silver State and its assets; the Receiver shall have the discretion to determine who provides insurance coverage and who will be named an additional insured;

1.21 Establish bank accounts in the name of the Receiver at a federally insured banking institution within this state for the deposit of monies and funds collected and received. The Receiver is not required to expend any funds other than those generated or received by Silver State. Monies coming into the possession of the Receiver which are not expended for the purposes herein authorized, shall be held by the Receiver in federally insured banking institution

1 within this state and, to the extent possible, in interest bearing accounts and disbursed in
2 accordance with further review and approval by the SPCSA;

3 1.22 Deal exclusively with all government authorities, contractors and
4 subcontractors and take all actions necessary to comply with all agreements with and
5 requirements of all governmental authorities;

6 1.23 To take any steps the Receiver believes necessary or desirable to obtain or
7 maintain any licenses, permits, entitlements or governmental approvals;

8 1.24 Expend funds to purchase merchandise, materials, supplies and services as
9 the Receiver deems necessary and advisable to assist it in performing his duties hereunder;

10 1.25 To take and file an inventory of all personal property including, furniture,
11 fixtures, equipment, inventory, contracts, leases and sub-leases of Silver State;

12 1.26 Take such other actions as may be necessary or incidental to the foregoing
13 specific powers, directions, and general authorities;

14 1.27 To obtain from the SPCSA, upon notice to SPCSA, and subject to Court
15 approval, any appropriate modifications of this Appointment;

16 1.28 To file a voluntary petition for bankruptcy relief pursuant either chapter 7
17 or chapter 11 of the United States Bankruptcy Code ("Bankruptcy Code") in the United States
18 Bankruptcy Court for the District of Nevada if the Receiver determines in his business judgment
19 that the filing of such a petition is necessary to preserve and protect the assets of Silver State.
20 The Receiver shall also be authorized to convert or dismiss any such bankruptcy case if the
21 Receiver later determines that conversion or dismissal is in the best interest of Silver State and its
22 creditors. In the event of any such bankruptcy filing, the Receiver shall be authorized to operate
23 Silver State as the debtor-in-possession, subject to any required court authorization.

24 2 In addition to the Receiver's authorized actions delineated above, the Receiver is
25 also authorized to compel, prohibit and/or enjoin, through judicial process or otherwise, the
26 following:

27 2.1 To prohibit and enjoin Silver State, its trustees, members, officers,
28 directors, managers, employees and agents, from collecting any debts due to Silver State; and

1 paying out, assigning, selling, conveying, transferring, encumbering, or delivering any of Silver
2 State's assets, and entering into any contracts, agreements or leases on behalf of Silver State;

3 2.2 To compel Silver State, its trustees, members, officers, directors,
4 managers, employees and agents to deliver to the Receiver any and all funds, accounts, lease
5 payments, revenues, or income derived from Silver State and its assets, which are currently held
6 by Silver State and/or its trustees, members, officers, directors, managers, employees and agents,
7 and provide to the Receiver information regarding all the accounts in which all rents, lease
8 payments, revenues, and income belonging to Silver State is held and, as necessary, authorize
9 any banks to release such funds to the Receiver;

10 2.3 To compel all persons or entities, including banks, to turn over any funds,
11 operating bank accounts, and safe deposit boxes to the Receiver without delay and delete all
12 designated signors on bank accounts;

13 2.4 To compel Silver State, its trustees, members, officers, directors,
14 managers, employees and agents to turn over to the Receiver, all Silver State assets, in their
15 possession or control, wherever located;

16 2.5 To compel Silver State, its trustees, members, officers, directors,
17 managers, employees and agents and all other persons or entities in possession or control of
18 Silver State assets to turn over to the Receiver the possession, custody, and control of any such
19 assets, including, without limitation, all keys to all locks to real property, all pass codes,
20 passwords and access codes to all computerized equipment, all of Silver State's records, books of
21 account, ledgers and all business records, wherever located and however maintained (including,
22 without limitation, information contained in the computers and any and all software relating
23 thereto, as well as banking records, statements, and canceled checks and a list identifying Silver
24 State and all passwords, identification numbers, and other information necessary or appropriate
25 for access to these accounts) and provide a list to the Receiver of all persons in possession of
26 such keys, codes and/or passwords;

27 2.6 To compel Silver State, its trustees, members, officers, directors,
28 managers, employees and agents to turn over to the Receiver the possession, custody and control

1 of all of Silver State's websites, email accounts and passwords (and computers and software
2 relating thereto);

3 2.7 To compel Silver State, its trustees, members, officers, directors,
4 managers, employees and agents to turn over to the Receiver all documents all licenses, permits,
5 or governmental approvals relating to Silver State;

6 2.8 To compel Silver State, its trustees, members, officers, directors,
7 managers, employees and agents to turn over to the Receiver all documents which constitute or
8 pertain to insurance policies, whether currently in effect or lapsed, and evidence of payment of
9 premiums with respect to each policy;

10 2.9 To compel Silver State, its trustees, members, officers, directors,
11 managers, employees and agents to turn over to the Receiver copies of all real and personal ad
12 valorem property tax bills and other tax bills for 2014, 2015 and 2016, reflecting current
13 balances due and copies of notices or any other assessments due or forthcoming;

14 2.10 To compel Silver State, its trustees, members, officers, directors,
15 managers, employees and agents to turn over to the Receiver all contracts, leases, subleases,
16 management agreements, franchise agreements, construction contracts, architect agreements,
17 plans and specifications, royalty agreements, employment agreements, licenses, assignments, or
18 other agreements of any kind whatsoever, whether currently in effect or lapsed, which relate to
19 Silver State;

20 2.11 To compel Silver State, its trustees, members, officers, directors,
21 managers, employees and agents to turn over to the Receiver all documents of any kind
22 pertaining to any and all toxic chemicals or hazardous material, if any, ever brought, used and/or
23 remaining upon real property owned or occupied by Silver State, including, without limitation,
24 all reports, surveys, inspections, checklists, proposals, orders, citations, fines, warnings and
25 notices;

26 2.12 To compel Silver State, its trustees, members, officers, directors,
27 managers, employees and agents to turn over to the Receiver a status report of any and all
28 judgments entered, or threatened or pending litigation, relating to Silver State;

1 2.13 To compel Silver State, its trustees, members, officers, directors,
2 managers, employees and agents to turn over to the Receiver all monies derived from Silver
3 State that is in their possession or control, wherever and whatsoever mode maintained;

4 2.14 To compel Silver State, its trustees, members, officers, directors,
5 managers, employees and agents to turn over to the Receiver all mail relating to Silver State. The
6 Receiver is further authorized and empowered to take any and all steps necessary to receive,
7 collect and review all mail addressed to Silver State including, but not limited to, mail addressed
8 to any post office boxes held in the name of Silver State, and the receiver is authorized to instruct
9 the U.S. Postmaster to reroute, hold, and or release said mail to the Receiver;

10 2.15 To compel Silver State, its trustees, members, officers, directors,
11 managers, employees and agents to turn over to the Receiver a list of all individuals presently
12 employed by Silver State including salary and wage information, and all employee files and
13 records;

14 2.16 To compel Silver State, its trustees, members, officers, directors,
15 managers, employees and agents to otherwise cooperate fully with the Receiver in the
16 performance of the Receiver's powers and duties, including, without limitation, the Receiver's
17 exercise of all powers granted to the receiver pursuant to this Appointment;

18 2.17 To prohibit and enjoin Silver State, its trustees, members, officers,
19 directors, managers, employees and agents from committing or permitting any waste of Silver
20 State assets or any part thereof or to suffer, commit or permit any act in violation of the law or
21 transferring, removing, encumbering, or disposing of any real or personal property of Silver
22 State;

23 2.18 To prohibit and enjoin Silver State, its trustees, members, officers,
24 directors, managers, employees and agents from demanding, collecting, receiving, discounting,
25 or in any way diverting or using any of the funds or revenues of Silver State;

26 2.19 To prohibit and enjoin Silver State, its trustees, members, officers,
27 directors, managers, employees and agents from directly or indirectly interfering in any manner
28

1 with the discharge of the Receiver's duties under this Appointment or the Receiver's possession
2 or operation, or management of Silver State;

3 2.20 To prohibit and enjoin Silver State, its trustees, members, officers,
4 directors, managers, employees and agents from doing any act which will, or which will tend to
5 impair, defeat, divert, prevent, or prejudice the preservation of Silver State assets;

6 2.21 To prohibit and enjoin Silver State, its trustees, members, officers,
7 directors, managers, employees and agents, or any person acting at its direction or in concert
8 with it from transferring selling, seizing, encumbering, or otherwise taking action against or
9 disposing of any Silver State assets;

10 2.22 To prohibit and enjoin Silver State, its trustees, members, officers,
11 directors, managers, employees and agents, or any person acting at its direction or in concert
12 with it from interfering in any way with the Receiver's use, occupancy, maintenance, or
13 operation of Silver State assets;

14 2.23 To prohibit and enjoin Silver State, its trustees, members, officers,
15 directors, managers, employees and agents, or any person acting at its direction or in concert
16 with it from withdrawing funds derived from the operation of Silver State or its assets;

17 2.24 To prohibit and enjoin Silver State, its trustees, members, officers,
18 directors, managers, employees and agents, or any person acting at its direction or in concert
19 with it from paying or transferring Silver State funds other than to the Receiver;

20 2.25 To prohibit and enjoin Silver State, its trustees, members, officers,
21 directors, managers, employees and agents, or any person acting at its direction or in concert
22 with it from removing, disposing of, destroying, concealing, changing or altering any books or
23 records of Silver State;

24 2.26 To prohibit and enjoin Silver State, its trustees, members, officers,
25 directors, managers, employees and agents, or any person acting at its direction or in concert
26 with it from terminating, cancelling or otherwise affecting insurance coverage or utility service
27 for Silver State; or
28

1 2.27 To prohibit and enjoin Silver State, its trustees, members, officers,
2 directors, managers, employees and agents, or any person acting at its direction or in concert
3 with it from interfering with, noticing an event of default under, canceling or otherwise
4 terminating, altering or changing any franchise agreement.

5 3 The Receiver shall prepare and submit to the SPCSA quarterly reports of income
6 and expenses, including, but not limited to, a quarterly operating statement, a balance sheet,
7 accounts payable, schedule of capital expenditures, schedule of contracts and agreements entered
8 into during the preceding quarterly period, and a schedule of governmental taxes and
9 assessments ("Quarterly Report").

10 4 The Receiver shall not be required to give security or post a bond for the payment
11 of such costs or damages as may arise from the appointment of the Receiver, as Receiver.

12 5 Indemnification.

13 5.1 Silver State shall indemnify and hold harmless Joshua M. Kern,
14 individually, in his capacity as Receiver, his agents, contractors, employees and representatives,
15 from any claims which arise out of the operation of this receivership, except in a case where the
16 Receiver has acted knowingly outside the scope of the receivership authority, or committed fraud
17 or intentionally misrepresented the Receiver's ministerial authority as the Receiver, or acted in
18 gross negligence, recklessly or in wanton disregard of his duties. In the event a suit is filed
19 against the Receiver, or a related entity of the Receiver, over an issue arising out of this
20 receivership, except as conditioned above, it shall be incumbent upon the Silver State to
21 reimburse the Receiver for the fees and costs of defending such action, including any appeals
22 thereof to final resolution and award of judgment. Upon any subsequent notice from the SPCSA,
23 or the Court, terminating the appointment of the Receiver, the Receiver shall render a final
24 accounting which shall be submitted to the SPCSA within 60 days of the notice of termination,
25 with copies of the final accounting delivered to the SPCSA and, after Receiver renders such final
26 accounting, Receiver shall be discharged from any further duties as Receiver.

27 5.2 Silver State shall indemnify and hold harmless Robert Cane, individually,
28 in his capacity as Successor Trustee, his agents, contractors, employees and representatives, from

any claims which arise out of his duties as Successor Trustee, except in a case where he has acted knowingly outside the scope of his authority, or committed fraud or intentionally misrepresented his authority as Successor Trustee, or acted in gross negligence, recklessly or in wanton disregard of his duties. In the event a suit is filed against the Successor Trustee, or a related entity of the Successor Trustee, over an issue arising out of his work as Successor Trustee, except as conditioned above, it shall be incumbent upon Silver State to reimburse the Successor Trustee for the fees and costs of defending such action, including any appeals thereof to final resolution and award of judgment. Upon any subsequent notice from the SPCSA, or the Court, terminating the appointment of the Successor Trustee, the Successor Trustee shall render a final accounting which shall be submitted to the SPCSA within 60 days of the notice of termination, with copies of the final accounting delivered to the SPCSA and, after Successor Trustee renders such final accounting, Successor Trustee shall be discharged from any further duties as Successor Trustee.

6 Miscellaneous Provisions under this Appointment are as follows:

6.1 Notices. Any notice required or permitted to be given under this Appointment ("Notice") shall be given in writing, by electronic mail, by certified mail postage prepaid, by hand delivery, or by recognized overnight courier service to any party at the address set forth below; and, if by hand delivery, shall be deemed to have been given or made on the day on which it was given; if by recognized overnight courier service, and shall be deemed to have been given on the business day immediately after it was sent. The physical and electronic mail addresses and telephone numbers for each party are as follows, subject to written notice of change of such information in accordance with this provision:

If to SPCSA: 1749 North Stewart Street, Suite 40
Carson City, Nevada 89706-2543
E-mail: pgavin@spcsa.nv.gov
Attn: Mr. Patrick J. Gavin, Director

With a copy to: Gregory D. Ott
Deputy Attorney General
Nevada Attorney General
100 North Carson Street
Carson City, Nevada 89701
E-mail: GOtt@ag.nv.gov

If to Receiver: Joshua M. Kern
TenSquare, LLC
818 Connecticut Avenue, NW
Suite 1009
Washington, DC 20006
E-mail: josh@thetensquaregroup.com

With a copy to: Richard F. Holley, Esq.
Holley Driggs Walch
Fine Wray Puzey & Thompson
400 S 4th Street, Third Floor
Las Vegas, Nevada 89101
Email: rholley@nevadafirm.com

6.2 Compensation.

6.2.1 The Receiver shall be paid from the assets of Silver State, including insurance policies, all compensation arising out of the Receivership. The Receiver shall be paid \$35,000.00 for preparing the initial report to SPCSA regarding Silver State. The Receiver shall also be compensated at the rate of \$24,000.00 per month for his time spent operating, managing and administering the business operations of Silver State and collecting, administering, preserving and protecting Silver State and its assets. The Receiver shall also be reimbursed for all costs pertaining to the Receivership. All administrative fees and expenses, including Receiver's fees and professionals retained by the Receiver shall be subject to Court approval before being paid.

6.2.2 The Successor Trustee shall be paid from the assets of Silver State, including insurance policies, all compensation arising out of his duties as Successor Trustee. The Successor Trustee shall be paid \$300.00 per hour for work as Successor Trustee. The Successor Trustee shall also be reimbursed for all costs pertaining to his work as Successor Trustee. All Successor Trustee fees and expenses shall be subject to Court approval before being paid.

6.3 Integration. This Appointment sets forth in full the terms of appointment by the SPCSA of the Receiver with respect to the Receivership and is intended as the full, complete, and exclusive expression of powers and obligations governing the relationship between them with respect thereto.

1 6.4 Amendments. This Appointment may not be modified or amended except
2 upon approval of the SPCSA and order of the Court.

3 6.5 No Waiver. No waiver of any powers, duties or obligations stated herein
4 by any of the Parties hereunder shall be implied from any omission to take action on account
5 thereof on one or more occasions, and no express waiver shall affect any power, duty or
6 obligation other than that referenced therein, and any such waiver shall be operative only for the
7 time and to the extent stated therein. No waiver of any kind herein shall be effective unless set
8 forth in a writing signed by the SPCSA and the Receiver.

9 Dated this 18th day of August, 2016.

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13 DISTRICT JUDGE
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1 Prepared and Submitted by:

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*Attorneys for Joshua M. Kern, solely in his capacity as Receiver of SILVER STATE
CHARTER SCHOOLS*

Appendix 5: Nevada Charter School Sample Closure Framework

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Introduction

Closing a charter school can present many challenges, given the data that must be compiled and analyzed, public meetings that must be held, and the political considerations that must be addressed before a charter school chooses to voluntarily close or before the authorizer votes to not renew or to revoke the written charter or terminate the charter contract.

Given the challenges, a carefully developed, detailed school closure plan is a high priority. An orderly closure process providing for continuity of instruction until the closure date, identifying new school options for students, and meeting the school's financial, legal, and operational obligations is in the best interest of all parties. This checklist of tasks in a template format was developed to assist authorizers and charter schools with the closure process.

This document draws heavily on several sources:

1. Colorado Charter School Sample Closure Framework (2011).
2. *Accountability in Action: A Comprehensive Guide to Charter School Closure*. Edited by Kim Wechtenhiser, Andrew Wade, and Margaret Lin. National Association of Charter School Authorizers (2010).
3. Colorado Charter School Institute Closure Project Plan (2010).
4. *Charter Renewal*. Charter Schools Institute, The State University of New York (SUNY).
5. *Pre-Opening Checklist and Closing Checklist*. Office of Education Innovation, Office of the Mayor, City of Indianapolis.
6. *2010-2011 Charter Renewal Guidelines*. District of Columbia Public Charter School Board.

Background

Whenever a charter school closes, there are many tasks that must be completed; however, the tasks associated with the winding up of business will be different for each authorizer and charter school, reflecting the circumstances surrounding the closure.

These circumstances include the following:

1. Timing of closure – during or at the end of a school year.
2. Reasons for closure – for example, financial mismanagement, student performance, or lack of enrollment.
3. Charter school capacity – the extent to which the charter school can accomplish the tasks associated with closure.
4. Relationship of the parties – can the authorizer and the school work together cooperatively to close the school?
5. Expectation of closure – whether the authorizer and charter school expected and planned for the closure.
6. Student reassignment – the availability of space, school options, and impact on school districts that will be receiving students.

The circumstances outlined above will be affected by whether or not the closure is voluntary.

Voluntary closure typically occur when either the school does not seek renewal of its charter or when the school recognizes that it is no longer academically or financially viable. Involuntary closure may occur when a charter renewal application is denied, but may also be precipitated by charter revocation due to a financial crisis or low academic, organizational, or fiscal performance. In such circumstances, the school and authorizer may have genuine disagreements about the school's performance. In other cases a charter school may believe that renewal is pro forma, ignoring the accountability-for-autonomy agreement that is the foundation of the charter school contract. In these circumstances, closure is unexpected in addition to being involuntary.

In rare circumstances, an involuntary closure may be mandated by an authorizer during a school year. In this case, closure is usually related to financial mismanagement, a threat to property, and/or student and staff safety. An involuntary closure, and especially one which must occur midyear, is likely

to present the authorizer with many more difficulties than a voluntary closure.

When the charter school closure is involuntary, it is possible that a charter school may attempt to appeal the decision. While there is no statutory basis for such appeals, the experience of authorizers in other states leads Nevada authorizers to anticipate that some form of litigation may be attempted by schools which face closure.

Regardless of how the process unfolds, the authorizer's staff should meet with the charter school board and principal immediately after the initial closure decision to determine who will send letters to the school districts that are materially affected and to the school's parents notifying them of the decision. Ideally, all parties will agree on the content of the letters.

Whether or not closure is scheduled during or after the school year is a key factor in developing the closure plan. An end-of-year closure is almost always in students' best academic and social interests; in addition, it simplifies the financial issues associated with the closure.

Regardless of the specifics of the closure plan, there are three primary goals to be accomplished in the winding up of the school's affairs:

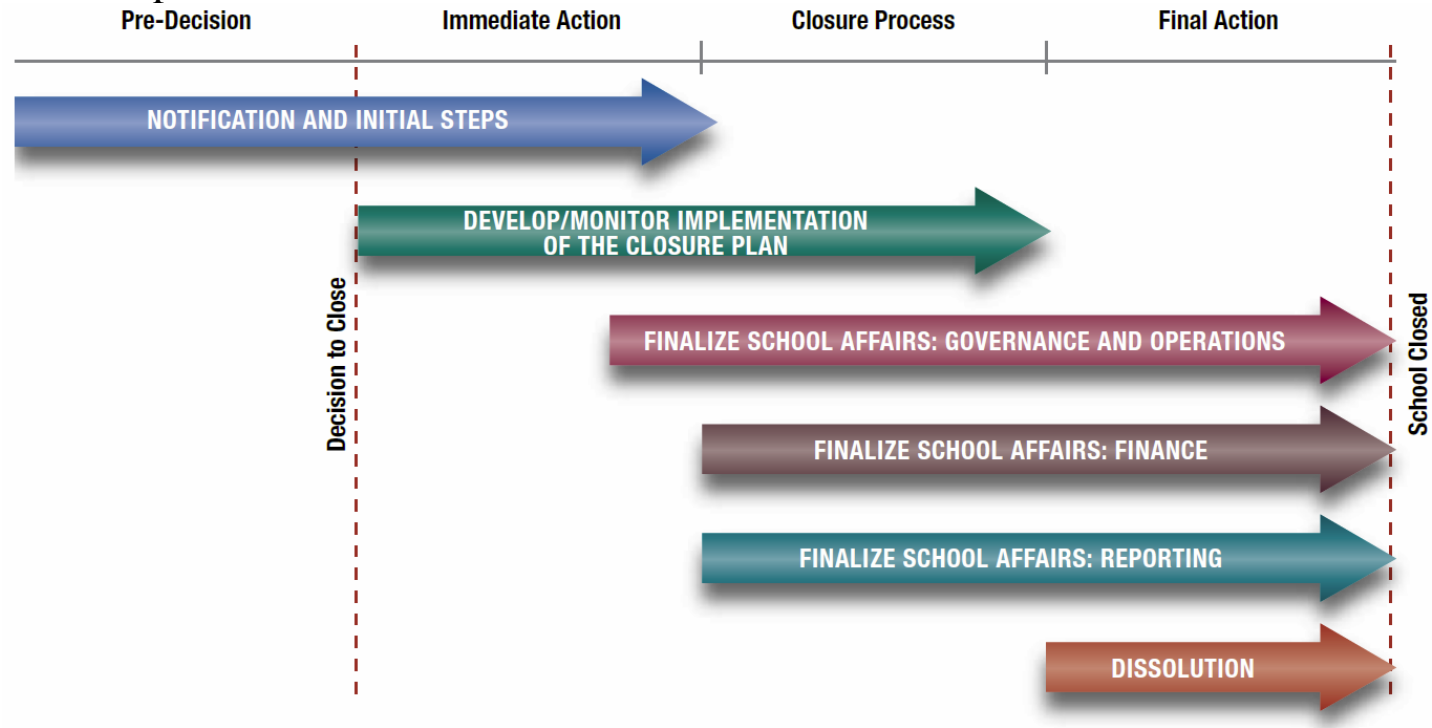
1. Providing educational services in accordance with the charter contract until the end of the school year, or the agreed upon date when instruction will stop.
2. Reassigning students to schools that meet their educational needs.
3. Addressing the school's financial, legal and reporting obligations.

These goals should be given the highest priority during the closure process.

Based on the circumstances surrounding the closure, not all tasks in this framework may apply. The authorizer and charter school should meet prior to starting closure proceedings and agree which tasks will be necessary and how the authorizer

wants to superintend the closure. During this meeting, responsible parties and completion dates should be agreed upon to ensure a transparent and smooth closure. The closure process has many tasks, which are illustrated in the chart below: 1) notification to affected school districts and families; 2) developing and monitoring the closure plan; 3) winding up the school's affairs in governance and operations, finance, and reporting; and 4) dissolution. The template that follows includes the basic tasks that will usually need to be addressed to close a school; the format allows for the insertion of responsible parties and dates of completion.

A Conceptual Timeline for Closure



Notification and Initial Steps

Description of Required Actions	Responsible Party	Completion Date	Status
Notify School Districts Materially Impacted Within two days of the authorizer's decision to close the charter school, notify districts materially impacted by the closure decision, including: <ol style="list-style-type: none"> 1. Timeline for final decision. 2. Copy of the letter sent to parents. 3. Closure FAQ. 4. Information about the plan being developed to ensure an orderly closure process. 5. Contact information for questions. 			
Notify Parents / Guardians of Closure Decision Within one day of the authorizer's decision to close the charter school, authorizer staff and charter staff/board collaborate to ensure that parents / guardians are notified regarding the closure decision. Such notification includes: <ol style="list-style-type: none"> 1. Assurance that instruction will continue through the end of the school year or the date when instruction will cease. 2. Assurance that after a final decision is reached, parents/students will be assisted in the reassignment process. 3. FAQ about the charter closure process. 4. Contact information for parents/guardians with questions. 			
Review Budget <ol style="list-style-type: none"> 1. Review budget to ensure that funds are sufficient to operate the school through the end of the school year, if applicable. 2. Emphasize the legal requirement to limit expenditures to only those in the approved budget, while delaying approved expenditures that might no longer be necessary until a revised budget is approved. 3. Acknowledge that there are unique expenditures associated with closure for both the authorizer and school and that the parties will meet to identify these expenditures and funding sources. Based on precedent from other states, schools should reserve a minimum of \$75,000 for costs related to dissolution and closure. 4. Ensure that the school continues to collect revenues included in the school's budget, if applicable. 			
Meet with Charter School Faculty and Staff Principal and charter board chair meet with the faculty and staff to: <ol style="list-style-type: none"> 1. Discuss reasons for closure and likely timeline for a final decision. 2. Emphasize importance of maintaining continuity of instruction through the end of the school year. 3. Discuss plans for helping students find new schools. 4. Identify date when last salary check will be issued, when benefits terminate, and last day of work. 5. Describe assistance, if any, that will be provided to faculty and staff to find new positions. 			
Send Additional and Final Notifications Notify parents and affected school districts in writing after key events and when the closure decision is final. In the letter to parents after the closure decision is final, include: <ol style="list-style-type: none"> 1. The last day of instruction. 2. Any end-of-the-year activities that are planned to make the transition easier for parents and students. 3. Assistance that will be provided to families in identifying new schools. This may include a list of school options, choice fairs, individual meetings with families, and prospective school visitations. 			

Develop/Monitor Implementation of the Closure Plan

Description of Required Actions	Responsible Party	Completion Date	Status
Establish Transition Team, Develop Closure Plan, and Assign Roles Transition team includes: <ol style="list-style-type: none"> 1. Lead person from authorizer staff. 2. Charter school board chair. 3. Lead administrator from the charter school. 4. Lead finance person from the charter school.\ 5. Develop plan, exchange contact information and assign roles. 			
Establish a Schedule for Meetings and Interim Status Reports Agree on a meeting schedule to review progress and interim, written status reports to include: <ol style="list-style-type: none"> 1. Reassignment of students. 2. Return or distribution of assets. 3. Transfer of student records. 4. Notification to entities doing business with the school. 5. The status of the school's finances. 6. Submission of all required reports and data to the authorizer and/or state. 			
Submit Final Report Submit a final report to the authorizer detailing completion of the closure plan.			

Finalize School Affairs: Governance and Operations

Description of Required Actions	Responsible Party	Completion Date	Status
Maintain Identifiable Location Maintain the school's current location through the winding up of its affairs or relocate its business records and remaining assets to a location with operational telephone service that has voice message capability.			
Notify Commercial Lenders / Bond Holders Within 10 days after the final decision on the charter school closure, notify banks, bond holders, etc., of the school's closure and a likely date as to when an event of default will occur as well as the projected date of the last payment by the school toward its debt.			
Terminate EMO /CMO Agreement (if applicable) Review the management agreement and take steps needed to terminate the agreement at the end of the school year or when the charter contract expires. <ol style="list-style-type: none"> 1. The management company should be asked for a final invoice and accounting, including an accounting of any retained school funds and the status of grant funds. 2. The school and the management company should agree upon how the company will continue to provide educational services until the last day of instruction. 3. The school and the management company agree when other services including business services will end. 			
Protect School Assets Protect the school's assets and any assets in the school that belong to others against theft, misappropriation and deterioration. <ol style="list-style-type: none"> 1. Maintain existing insurance coverage on assets, including facility and vehicles, until the disposal of such assets in accordance with the closure plan. 2. Negotiate school facility insurance with entities that may take possession of school facility – lenders, mortgagors, bond holders, etc. 3. Obtain or maintain appropriate security services. Action may include moving assets to secure storage after closure or loss of facility. 			
Maintain Corporate Records Maintain all corporate records related to: <ol style="list-style-type: none"> 1. Loans, bonds, mortgages and other financing. 2. Contracts. 3. Leases. 4. Assets and asset distribution. 5. Grants -- records relating to federal grants must be kept in accordance with 34 CFR 80.42. 6. Governance (minutes, bylaws, policies). 7. Employees (background checks, personnel files). 8. Accounting/audit, taxes and tax status, etc. 9. Personnel. 10. Employee benefit programs and benefits. 11. Any other items listed in the closure plan. Determine where records will be stored after dissolution.			

Finalize School Affairs: Governance and Operations (continued)

Description of Required Actions	Responsible Party	Completion Date	Status
Notify Employees and Benefit Providers Formally notify all employees of termination of employment at least 60 days before closure to include date of termination of all benefits in accordance with applicable law and regulations (i.e. COBRA) and eligibility for Unemployment Insurance pursuant to any regulations. Notify benefit providers of pending termination of all employees, to include: <ol style="list-style-type: none"> 1. Medical, dental, vision plans. 2. Life insurance. 3. Cafeteria plans. 4. 403(b), retirement plans. 5. PERS. Consult legal counsel as specific rules and regulations may apply to such programs.			
Notify Contractors and Terminate Contracts <ol style="list-style-type: none"> 1. Notify all contractors of school closure. 2. Retain records of past contracts and payments. 3. Terminate contracts for goods and services as of the last date such goods or services will be needed. 			
Transfer Student Records and Testing Material Send student records, including final grades and evaluations, to the authorizer, including: <ol style="list-style-type: none"> 1. Individual Education Programs (IEPs) and all records regarding special education and supplemental services. 2. Student health / immunization records. 3. Attendance record. 4. Any testing materials required to be maintained by the school. 5. Student transcripts and report cards. 6. All other student records. Document the transfer of records to include: <ol style="list-style-type: none"> 1. The number of general and special education records transferred. 2. Date of transfer. 3. Signature and printed name of the charter school representative releasing the records. 4. Signature and printed name of the authorizer's representative who receives the records. 			
Inventory assets Inventory school assets, and identify items: <ol style="list-style-type: none"> 1. Loaned from other entities. 2. Encumbered by the terms of a contingent gift, grant or donation, or a security interest. 3. Belonging to the EMO/CMO, if applicable, or other contractors. 4. Purchased with federal grants (dispose of such assets in accordance with federal regulations). 5. Purchased with Public Charter School Program startup funds (transfer assets to another charter school within the district or state). Return assets not belonging to school where appropriate documentation exists. Keep records of assets returned.			
Notify Food and Transportation Services and Cancel Contracts Cancel school district or private food and/or transportation services for summer school and the next school year.			

Finalize School Affairs: Finance

Description of Required Actions	Responsible Party	Completion Date	Status
Review and Revise School Budget 1. Review the school's budget and overall financial condition. 2. Make revisions that take into account closure and associated expenses while prioritizing continuity of instruction. 3. Identify acceptable use of reserve funds.			
Maintain IR S 501(c)(3) Status (if applicable) Maintain IRS 501(c)(3) status, including: 1. Notify IRS regarding any address change. 2. File required tax returns and reports.			
Notify Funding Sources / Charitable Partners Notify all funding sources, including charitable partners of school closure. Notify state and federal agencies overseeing the school's grants that the school will be closing.			
List all Creditors and Debtors Formulate a list of creditors and debtors and any amounts accrued and unpaid with respect to such creditor or debtor. 1. This list is not the same as the contractor list, above, but may include contractors. 2. Creditors include lenders, mortgage holders, bond holders, equipment suppliers, service providers and secured and unsecured creditors. A UCC search should be performed to identify secured creditors. 3. Debtors include persons who owe the school fees or credits, any lessees or sub-lessees of the school, and any person holding property of the school.			
Notify Creditors Notify all creditors of the school's closure and request a final bill.			
Notify Debtors Contact all debtors and request payment.			
Determine PERS Obligations Contact PERS to determine remaining liabilities for employee retirement program.			
Itemize Financials Review, prepare and make available the following: 1. Fiscal year-end financial statements. 2. Cash analysis. 3. Bank statements for the year, investments, payables, unused checks, petty cash, bank accounts, and payroll reports including taxes. 4. Collect and void all unused checks and destroy all credit and debit cards. Close accounts after transactions have cleared.			
Close Out All State and Federal Grants Close out state, federal, and other grants. This includes filing any required expenditure reports or receipts and any required program reports, including disposition of grant assets.			
Prepare Final Financial Statement Retain an independent accountant to prepare a final statement of the status of all contracts and other obligations of the school, and all funds owed to the school, showing: 1. All assets and the value and location thereof. 2. Each remaining creditor and amounts owed. 3. Statement that all debts have been collected or that good faith efforts have been made to collect same. 4. Each remaining debtor and the amounts owed.			

Finalize School Affairs: Finance (continued)

Description of Required Actions	Responsible Party	Completion Date	Status
Complete Final Financial Audit Complete a financial audit of the school in accordance with the Charter Schools law by a date to be determined by the authorizer well in advance of the deadline for operating schools.			
Reconcile with NDE/Authorizer Reconcile NDE/authorizer billings and payments, including special education payments or other “lagged” payments. If the school owes NDE/ authorizer money, it should list NDE/ authorizer as a creditor and treat it accordingly.			

Finalize School Affairs: Reporting

Description of Required Actions	Responsible Party	Completion Date	Status
Prepare End-of-Year Reports Prepare and submit all required end-of-year reports to the authorizer.			
Prepare Final Report Cards and Student Records Notice Provide parents / guardians with copies of final report cards and notice of where student records will be sent along with contact information.			

Dissolution

Description of Required Actions	Responsible Party	Completion Date	Status
Dissolve the Charter School 1. The charter school board adopts a resolution to dissolve that indicates to whom the assets of the school will be distributed after all creditors have been paid. 2. Unless otherwise provided in the bylaws, the members (if any) or board votes on the resolution to dissolve.			
Notify Known Claimants Give written notice of the dissolution to known claimants within 90 days after the effective date of the dissolution.			
End Corporate Existence A dissolved non-profit corporation continues its corporate existence, but may not carry on any activities except as is appropriate to wind up and liquidate its affairs, including: 1. Collecting its assets. 2. Transferring, subject to any contractual or legal requirements, its assets as provided in or authorized by its articles of incorporation or bylaws and applicable law and regulation. 3. Discharging or making provision for discharging its liabilities. 4. Doing every other act necessary to wind up and liquidate its assets and affairs.			
Notify IRS Notify the IRS of dissolution of the school and its 501(c)(3) status and furnish a copy to the authorizer.			