



## Magnolia Public Schools

### Special Board Meeting

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#### **Date and Time**

Thursday November 30, 2023 at 6:30 PM PST

#### **Location**

Home Office: 250 E. 1st Street, Suite 1500, Los Angeles, CA 90012

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#### **Access to the Board Meeting**

Teleconferencing locations are provided at each Magnolia Science Academy school site. Any interested parties or community members from remote locations may attend the meeting at any Magnolia Science Academy school, or the addresses where Board Members are joining from. Dialing information for this meeting is included below:

By dialing into; 1.669.444.9171

**Meeting ID:** 978 5606 4990 - **Passcode:** 021250

**Zoom:** <https://zoom.us/j/97856064990?pwd=MHhBZCtGT0xEMIZpNEZQZVJ3RDBPZz09>

- 7401 Madora Ave., Winnetka, CA 91306 (Ms. Sandra Covarrubias)
- Magnolia Science Academy-San Diego - 6525 Estrella Ave., San Diego, CA 92120 (Dr. Salih Dikbas)
- 275 Saratoga Ave, Santa Clara, CA 95050 (Dr. Umit Yapanel)

#### **Accessibility**

In compliance with the Americans with Disabilities Act (ADA) and upon request, Magnolia Public Schools may furnish reasonable auxiliary aids and services to qualified individuals with disabilities. Members of the public who need special accommodations or translation are strongly encouraged to contact Magnolia Public Schools at least 24 hours in advance of the Board meeting so assistance can be assured. Please contact Jennifer Lara at 213-628-3634 or email [jlara@magnoliapublicschools.org](mailto:jlara@magnoliapublicschools.org) with such requests.

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Any public records relating to an agenda item for an open session which are distributed to all, or a majority of all, of the Board Members shall be available for public inspection.

**Public Comment Procedures**

Magnolia Public Schools greatly values public comment during Board meetings. For members of the public who would like to speak, please fill out the Public Speaker Form which can be accessed at [magnoliapublicschools.org](http://magnoliapublicschools.org), there will also be speaker cards to be filled out prior to the beginning of the meeting. By law, the Board is only allowed to discuss or take action on items listed on the agenda. The Board may, at its discretion, refer a matter to MPS staff or add the issue to a future board meeting date for discussion. Public speakers are limited to three (3) minutes and speakers with interpreters up to six (6) minutes.

Please note that the agenda presenting times for when that item will be discussed, or taken action on, is subject to change on the day of the Board meeting to accommodate public speaker times indicated above.

For any questions regarding this meeting please email [board@magnoliapublicschools.org](mailto:board@magnoliapublicschools.org) or call (213) 628-3634 ext. 21101.

**Board Members:**

- Mr. Mekan Muhammedov, Chair
- Ms. Sandra Covarrubias, Vice-Chair
- Dr. Umit Yapanel
- Dr. Salih Dikbas
- Ms. Diane Gonzalez
- Mrs. Esra Eldem Tunc

**Student Board Member:**

Melissa De La Rosa Aparicio

**CEO & Superintendent:**

Mr. Alfredo Rubalcava

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**Agenda**

	Purpose	Presenter	Time
<b>I. Opening Items</b>			<b>6:30 PM</b>
Opening Items			

	Purpose	Presenter	Time
<b>A.</b> Call the Meeting to Order			1 m
<b>B.</b> Pledge of Allegiance			1 m
<b>C.</b> Record Attendance and Guests			1 m
<b>D.</b> Approval of Agenda	Vote		1 m
<b>E.</b> Public Comments			5 m
<b>II. Action Items</b>			<b>6:39 PM</b>
<b>A.</b> Approval of MPS Teaching Assignments per EdCode ("EC") 44258.3"	Vote	Fiorella Del Carpio	10 m
<b>III. Information/Discussion Items</b>			<b>6:49 PM</b>
<b>A.</b> Magnolia Science Academy-5 Charter School Facility Program Project Update	Discuss	Patrick Ontiveros	30 m
<b>IV. Closing Items</b>			<b>7:19 PM</b>
<b>A.</b> Adjourn Meeting			1 m

## Coversheet

### Approval of MPS Teaching Assignments per EdCode ("EC") 44258.3"

**Section:** II. Action Items  
**Item:** A. Approval of MPS Teaching Assignments per EdCode ("EC") 44258.3"  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:** II\_A\_MPS\_Teaching\_Assignments\_per\_EdCode\_44258.3.pdf



Agenda Item:	II A: Action Item
Date:	November 30, 2023
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools (“MPS”) Board of Directors (the “Board”)
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead(s):	Fiorella Del Carpio, Chief People Officer
RE:	Approval of MPS Teaching Assignments per EdCode (“EC”) 44258.3

1. **Action Proposed:**

The MPS Ed Code Panel recommends that the Magnolia Public Schools Board approves the listed academic teaching assignments for the listed teacher per EC 44258.3.

2. **Purpose:**

The purpose of the policy is to approve teaching assignments on an annual, renewable basis so that courses will be taught by approved educators.

3. **Background:**

California EC 44358.3 allows for local education agencies to grant teachers with a preliminary or clear credential to teach subject matters outside of their credential subject area by submitting a petition with supporting documentation demonstrating competency. During the August 2021 Board of Directors meeting, the EC 44358.3 procedures and process was presented and approved.

Since then, the list of teachers were reviewed and approved to teach academic assignments for the school year.

Eligible MPS teachers interested to teach subject matters outside of their credential subject have submitted their petitions to the school principals. The school principals reviewed/signed the petition and forwarded it to the established MPS Ed Code panel for determination of the teachers’ subject matter knowledge. Upon review of all available information, the panel made their decision on the petition(s) and notified the principal of their decision. The chosen teacher for the assignment is listed in the attachment below and submitted for the review and approval of the MPS Board of Directors prior to the beginning of the assignment.

4. **Analysis:**

N/A

5. **Impact:**

1. Reduce the number of misassignments in CALPADS,
2. Allow for the schools to utilize their existing teaching staff to fill open positions rather than relying on substitutes, and



3. Allow for the continued professional growth of our staff who would like to broaden their teaching experience

6. **Budget Implications:**

No additional impact to site budgets.

7. **Exhibits:**

Approved Assignments EC 44258.3



**Approved Assignments  
EC 44258.3**

**School District Name and Number:**     Magnolia Public Schools    

**The following assignments have been approved by the Subject Matter Panel:**

*The assignment is for one year and must be approved PRIOR to the start of the assignment. If this is an extension of the original subject matter approval, the district and the teacher have consented to the extension.*

School	Teacher	SEID	Subject	Start date of assignment (2023-2024)	Date approved by Subject Matter Panel
Magnolia Science Academy - 2	Rustam Babakulyyev	7668140283	Mathematics	August 2023	November 20, 2023

# Coversheet

## Magnolia Science Academy-5 Charter School Facility Program Project Update

**Section:** III. Information/Discussion Items  
**Item:** A. Magnolia Science Academy-5 Charter School Facility Program Project Update  
**Purpose:** Discuss  
**Submitted by:**  
**Related Material:** III\_A\_MSA-5 Charter School Facility Program Project Update.pdf





Agenda Item:	III A: Information/Discussion Item
Date:	November 30, 2023
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools (“MPS”) Board of Directors (the “Board”)
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead(s):	Steve Budhraj Ed.D, Chief Financial Officer Patrick Ontiveros, General Counsel & Director of Facilities
RE:	MSA-5 Winnetka Construction Update & Proposed Financing Options

### **Proposed Action:**

No action is needed at this time. This item is for discussion to apprise the Board of MSA 5 Winnetka school construction and updates related to construction financing.

### **Background:**

Magnolia Public Schools (MPS) purchased land located in Winnetka, California for the purpose of new school construction for Magnolia Science Academy 5 and subsequently received a State Award for \$50.8 million to cover the costs of school construction. We are in the process of reviewing financing options for this project. We expect to begin construction during the Spring of 2024 subject to approval of underwriting for a construction loan.

The attached PowerPoint presentation covers the overall timeline of the project including milestones as well as future plans to begin school construction. We have included proposed term sheets from Banc of California that include updated information related to terms, financing rates and other requirements for the board to review. We plan to have MPS staff and others present to provide additional background on the proposed financing. Once, all questions are reviewed and answered, we will allow Banc of California to begin the formal process of loan underwriting so that we can develop loan documents for board approval.

### **Budget Implications:**

The proposed financing term sheets will allow the Bank to begin the process of underwriting loan documents for MSA 5 Winnetka construction. Should the MPS Board decide not to move forward with the securing a loan through Banc of California, the total costs will be \$5,000 related to the time and effort spent towards the review and analysis of MPS financial data.

### **Exhibits:**

- MSA-5 Construction PowerPoint Presentation
- Proposed term sheets from Banc of California.



# **MSA-5 Winnetka Project (Update)**

**7111 Winnetka Avenue,  
Los Angeles, CA 91306**



## Planning Considerations

- **Magnolia Public Schools (MPS) purchased land located in Winnetka, California for the proposed new location of Magnolia Science Academy 5 (December 2021)**
- **MPS received a State Award for approximately \$50.8 million to facilitate new school construction through Proposition 51 in October 2022**
- **MPS approved a Construction Manager in April 2023 at which point the budget was being met with a two-phase delivery – Academic building in Fall 2024 and Gym in Fall 2025**
- **MPS plans to begin construction on a new school facility in February/March 2024**



## Magnolia Science Academy 5 – Proposed Construction Overview

- **MSA-5 received approximately \$4.0 million of the total \$50.8 million worth of Prop 51 Funds in November 2023 for design purposes**
- **MSA 5 will need to utilize external borrowing in order to facilitate construction for MSA 5 Winnetka as most of the Prop 51 funds will not be available until April 2025**
- **MPS worked with CLI Capital in order to finance the Acquisition costs for the Winnetka property**
- **MPS is currently working with lenders in order to secure financing for MSA 5 construction (with the consent of CLI Capital)**

# Construction Financing Options

- Two methods of construction financing as follows.
- Facility 1 : \$15,000,000 Commercial Non-Revolving Line of Credit
  - Would allow MSA 5 to pay for new construction beginning in February/March 2024 as the majority of the proceeds from the CSFP Award is not expected to be received until April 2025.
  - The transaction would be facilitated through the sale of future apportionment receivables for non bond indebted MPS Schools (MSA 3,4,5,6,7 & 8) at a proposed 7.5 percent interest rate.
- Facility 2 : \$10,000,000 Revolving Line of Credit
  - Would help finance additional construction in excess of the approved amount of the CSFP Award allowing MPS to borrow and repay funds during the course of construction.
  - The transaction would be facilitated through cash deposits held in interest bearing accounts
  - Board Resolution authorizing MPS to move deposits from existing bank(s)

This would be the most attractive form of financing since we cannot utilize the property as collateral for the loan



# Construction Options – MSA 5 Winnetka Project

- **\*Option A (Non-negotiables; August 2025 Delivery and within \$50.8 million allowance)**
  - Steel-frame (on-site construction)
- **Option B (Non-negotiables; August 2025 Delivery and within \$50.8 million allowance)**
  - Prefabricated modular construction (built off-site)
- **Option C (Non-negotiables; August 2025 Delivery and within \$50.8 million allowance)**
  - Wood frame construction

**\* May result in additional costs beyond \$50.8 million award**

# Option A – Steel Frame Construction (Example)

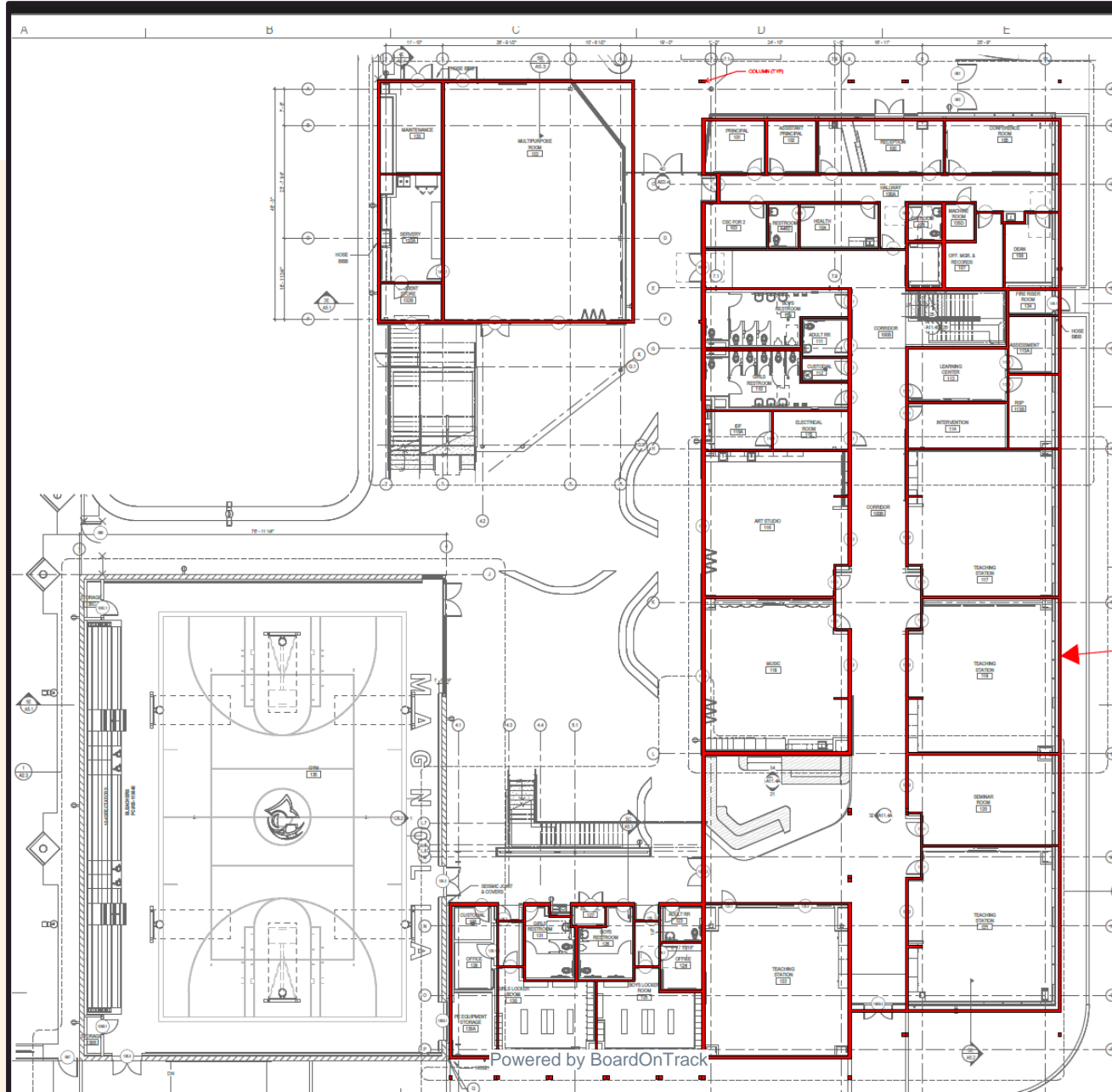


# Option B – Prefabricated Modular Construction (Example)

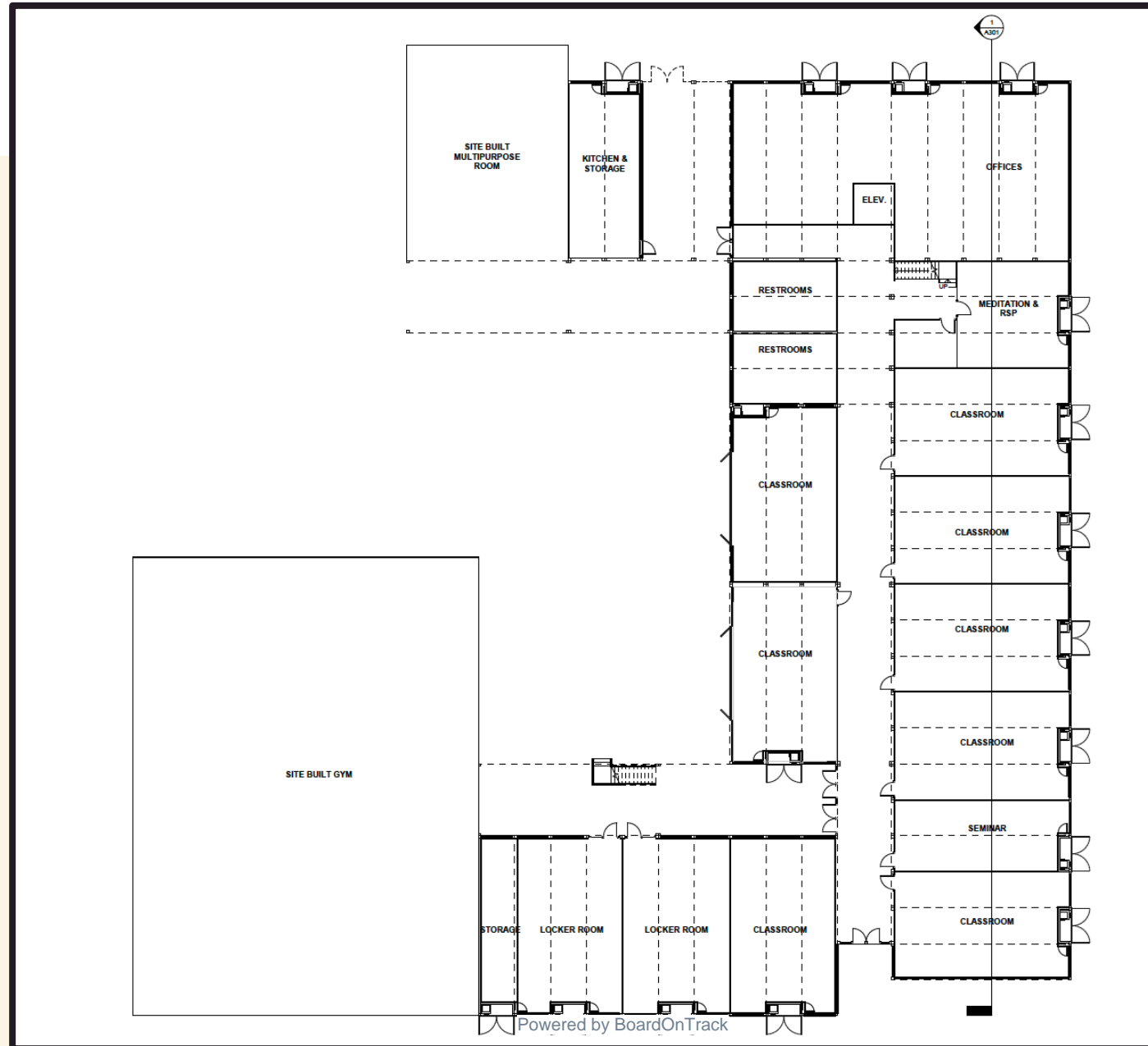




# Option B – Prefabricated Modular Overlay Onto Existing Design



# Option B – Prefabricated Modular (Possible Configuration)



# Option C—Wood Frame Construction (Example)



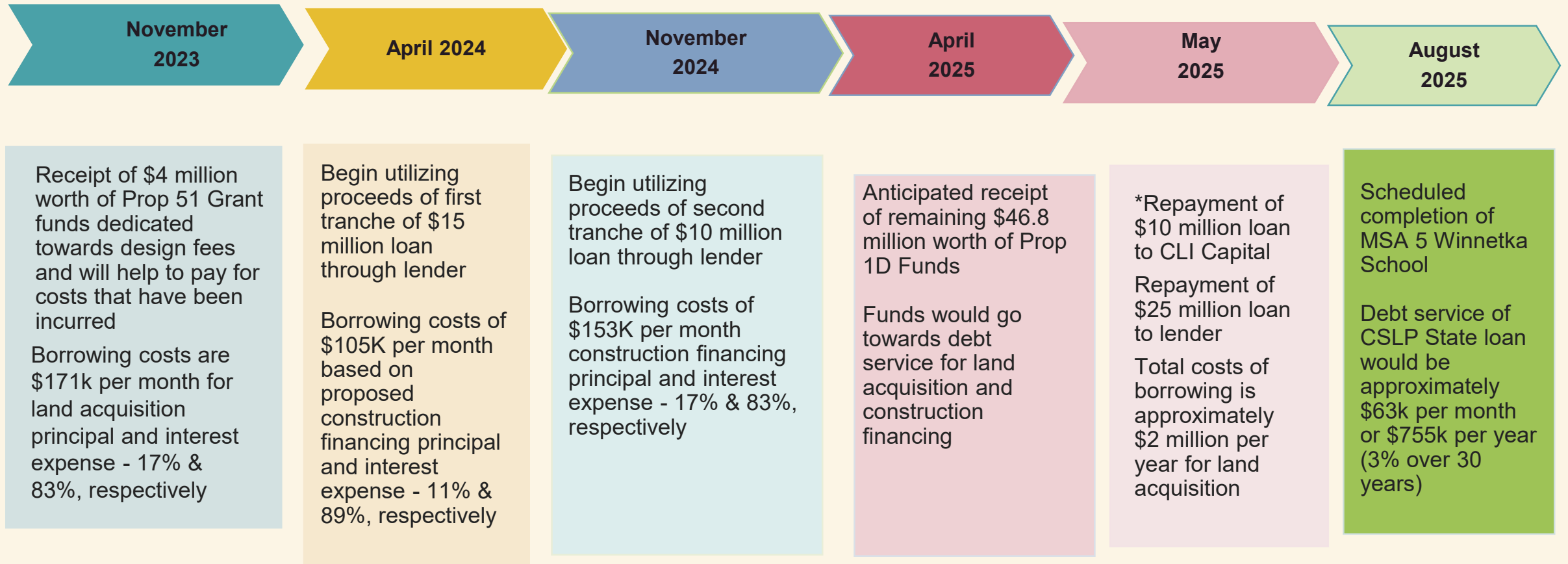


## How can we bridge gap between the \$50.8 million State Award vs projected costs

- Option #1 - MSA 5 would utilize existing reserves in order to help offset any projected deficit
- Option #2 - MSA 5 would utilize the projected surplus for FY 25/26 as Prop 51 interest payments will not begin until 26/27
- Option #3 – MPS would adjust MSA 5's CMO fees post construction (if necessary)
- MPS is working with the OPSC to seek additional State funds to help offset the projected deficit



# MSA 5 Winnetka School Construction Projected Funding Timeline



\*MPS will apply for advanced acquisition funds from OPSC to help reduce cost of borrowing (1<sup>st</sup> quarter 2024)



## Next Steps

- **Approve Proposed Financing and Loan Documents**
- **Begin Construction**
- **Monitor Progress and provide ongoing updates**
- **Provide all documentation to MPS authorizers (as necessary)**
- **Other Planning Considerations**





# Questions/Comments



Patti Thompson-Derry | Senior Vice President  
Specialty Banking, Charter Schools

November 28, 2023

Mr. Alfredo Rubalcava  
Chief Executive Officer  
Magnolia Educational & Research Foundation  
250 E. 1<sup>st</sup> Street, suite 1500  
Los Angeles, CA 90012

Re: Financing Arrangements

Dear Mr. Rubalcava:

Banc of California, National Association (the “Bank” or “we”) is pleased to express our interest in considering your credit request as outlined below and to assist you in accomplishing your financial objectives. As a true relationship driven bank, our interest is not only to extend credit, but to be a resource for all of your financial needs and help you achieve your goals.

This letter (this “Letter of Interest”) and its proposed terms are for discussion purposes only and does not imply any obligation on the part of Bank to issue a credit facility(ies) to Borrower. The credit facility(ies) and the full pricing of such facility(ies) described in this Letter of Interest remain subject to the satisfaction of the Bank’s full underwriting and final credit approval, including, in certain instances, the specific approval of the Bank’s Loan Committee(s), as well as changes in the market or other economic conditions from the date of issuance of this Letter of Interest through the date of final approval by the Bank.

**BORROWER(S):** Magnolia Educational & Research Foundation dba Magnolia Public Schools (“MPS” or “Borrower”)

**FACILITY 1:** ***\$15,000,000 COMMERCIAL NON-REVOLVING LINE OF CREDIT***

**PURPOSE:** Fund construction costs pending payoff from State of California financing

**MATURITY:** 2 years from the Closing Date. For purposes hereof, the Closing Date shall mean the date upon which all conditions precedent shall be satisfied and any initial funding under the Credit Facilities may take place.

**REPAYMENT TERMS:** Monthly interest payments will be automatically deducted from Borrower’s Bank of California deposit account, with balance due at maturity.

**INTEREST RATES:** Index (WSJ Prime Rate) (Currently at 8.50%) minus a 1.00% Spread. Start Rate to be set at time of credit approval. Floor rate will be equal to the Start Rate.

Interest Rate Ceiling of 1.5% over the start rate if Borrower selects and agrees to Option B indicated below under Banking Relationship and Minimum Deposit Requirement as.

**FACILITY FEE:** 0.75% (\$112,500.00) payable at closing, plus any third party costs including legal documentation.

**COLLATERAL:** Assignment of specific LCFF, In-Lieu and EPA payments to Bank for the six MPS schools that are unencumbered by bonds, plus MSA 2: Magnolia Science Academy (“MSA’s”) 3, 4, 5, 6, 7, and 8



UCC Filings on the assets of the non-bond schools, including deposit accounts

Throughout the term of the construction project, Borrower to select/engage a commercial third party company (subject to Bank approval), at borrower cost, to provide construction monitoring, including ongoing monitoring of construction costs to budget, regular inspections, controlled disbursement services, with Bank to receive copies of all regular reports/results generated by the third party company.

**PREPAYMENT:** Borrower will have the right to prepay the Facility in whole or in part at any time without incurring prepayment penalty.

**FACILITY 2:** ***\$10,000,000 REVOLVING LINE OF CREDIT***

**PURPOSE:** Phase 1: Fund construction costs in excess of approved amount of State of California financing. On final disbursement from the State of California financing, this line will be paid to zero, but remains available for Phase 2 activity

Phase 2: Finance any additional construction/related costs in excess of the approved amount of State of California financing. Aggregate timeframe for Phases 1 and 2 is two years

Phase 3: Stabilization period (mirroring the structure of the State of California financing) for 12 months, followed by two years of mortgage style repayment.

**MATURITY:** Five years from Closing Date (three year initial interest-only period followed by two year amortization period).

**REPAYMENT TERMS:** Interest only payments during the first three years followed by a two year mortgage style amortization period (monthly principal and interest payments based on a 30 year amortization and the starting interest rate).

**INTEREST RATES:** Deposit rate on account (estimated at 2.00%) plus Spread of 2% for a total rate of 4%

**FACILITY FEE:** 0.25% (\$25,000.00) payable at closing, plus any third party costs.

**COLLATERAL:** Cash held in a Bank of California interest bearing account

**PREPAYMENT:** Borrower will have the right to prepay the Facility in whole or in part at any time without incurring prepayment penalty.

**FOR ALL FACILITIES:**

**EXPENSES:** Customary for facilities of these types, including third party expenses, such as all in-house or outside legal and other outside third party expenses incurred by Bank, including appraisal and environmental Phase I and Phase II reports and reviews, if required, title policy, and collateral exam shall be paid by Borrower regardless if transaction closes.

**GOOD FAITH DEPOSIT:** (\$30,000.00) payable upon signing this Letter of Interest. The Good Faith Deposit will be applied toward any costs and expenses incurred by the Bank as related to the Loan or the processing of the Loan, including without limitation, costs of ordering third party reports, such as appraisals, environmental reports, flood determination reports, preliminary title reports, as well as, legal fees and costs, such as outside counsel fees.

Any portion of the Good Faith Deposit that is applied against such costs and expenses is not refundable. Further, if the Bank’s costs and expenses exceed the Good Faith Deposit, Borrower shall promptly pay such difference to the Bank upon demand, regardless of whether the Loan funds.

**BANKING  
RELATIONSHIP AND  
MINIMUM DEPOSIT  
REQUIREMENT:**

Prior to the Closing Date, Borrower and related entities must open and maintain all operating accounts, including those accounts used for collection of rent, other receivables, and payment of all accounts payables, and all deposit accounts at the Bank for the duration of the Loan. Borrower to provide instructions to all State Payors to deliver all state payments to Borrower’s operating accounts at Bank.

**Option A:** Without an Interest Ceiling, Borrower and related entities shall maintain at all times, a minimum of Ten Million Dollars (\$10,000,000) in non-interest bearing deposits, investment and/or operating accounts with Bank (“Minimum Account Balance”).

**Option B:** With an Interest Ceiling, Borrower and related entities shall maintain at all times, a minimum of Fifteen Million Dollars (\$15,000,000) in non-interest bearing deposits, investment and/or operating accounts with Bank (“Minimum Account Balance”).

If Bank determines that the balance in such deposit, investment and/or operating accounts is less than the Minimum Account Balance at any time, or if Bank determines that Borrower did not maintain the required deposit or operating accounts at Bank, then Bank shall be entitled to collect a non-refundable annual fee in an amount equal to one percent (1.0%) of the total loan commitment amount]. Failure of Borrower to maintain the Minimum Account Balance, the required operating or deposit accounts, or to pay fees associated with failure to maintain these requirements shall, at the Bank’s option, constitute an Event of Default under the Loan Documents.

**AFFIRMATIVE  
COVENANTS:**

The loan documents shall contain covenants customary for financings of this type, including, but not limited to, delivery of financial and other information, compliance with laws, maintenance of business and assets, payment of taxes, insurance, books and records, environmental compliance, pension and benefit plans compliance, delivery of collateral and further assurances. All Facility proceeds must be used to support operations in California only.

**ACH SERVICING FEE**

If, for any reason, state payments cannot be delivered to Borrower’s accounts at Bank directly by the State Payor, Borrower shall establish an Automated Clearing House (“ACH”), auto pay account either with Bank or with another financial institution (“Alternative Bank”). If Borrower chooses to establish and designate Alternative Bank’s ACH, autopay account for its payments on the Note or use any other payment methods other than the Bank’s ACH, auto pay account, it shall pay Bank a monthly servicing fee equal to four-tenths of one percent (0.40%) of the average monthly principal balance of the Note (the “Servicing Fee”) beginning on the month following Borrower’s designation of such Alternative Bank’s ACH, auto pay account as its account for payment on the Note and continuing on a monthly basis thereafter. Such Servicing Fee will be collected or automatically debited by the Bank on each monthly payment date. There will be no refund of any Servicing Fee that has been assessed or paid.

**FINANCIAL  
COVENANTS:**

- Minimum Debt Service Coverage Ratio of 1.01:1.0 tested annually in December based on Borrower CPA Audited financial statements

- Year-to-Date Revenue to Expense ratio of 1.01:1.0 tested at the following periods, 2<sup>nd</sup> Interim (March) and at year end based on Unaudited Actuals (December),
- Average Daily Attendance of 90% of inter and intra year, tracked via monthly ADA reporting
- Compliance with all bond related covenants

**OTHER CONDITIONS:**

The loan documents shall contain such other covenants customary for financings of this type, including, but not limited to prohibitions, restrictions, and/or limitations on additional indebtedness (including guarantee obligations), loans and advances, liens, mergers, consolidations, liquidations, dissolutions, capital expenditures, leases, investments, sales of assets, acquisitions, distributions, bonuses, repurchases of other indebtedness and equity/common stock, management fees and expenses, change of ownership and transactions with affiliates. Cross default and potentially cross collateralization to all other debt may be required.

**REPRESENTATIONS AND WARRANTIES:**

Usual and customary for a transaction of this type, including, without limitation, as to financial condition, absence of Material Adverse Change, corporate existence, compliance with law, corporate power, authorization and enforceable obligations, no burdensome restrictions or prohibitions to enter into transaction, no material litigation, taxes, Investment Company Act, Federal Reserve Board regulations, ownership of assets, collateral, ERISA, hazardous substances and solvency.

**EVENTS OF DEFAULT:**

Usual and customary in transactions of this type, to include without limitation: (i) nonpayment of principal, interest, fees or other amounts, (ii) violation of covenants (with cure periods as applicable), (iii) inaccuracy of representations and warranties, (iv) bankruptcy and other insolvency events of the Borrower or, (v) material judgments, (vi) ERISA matters, (vii) actual or asserted invalidity of any loan documentation; (viii) death or incapacity of owner; (ix) conversion of the property to other than an owner user building i.e. investor building; (x) the occurrence of any event which is reasonably likely to have a Material Adverse Effect.

**FINANCIAL REPORTING:**

Provide to Bank the following:

- All reporting provided to the board, authorizer, and any State related agency to be concurrently provided to Bank
- Board packets for all Board meetings
- Monthly attendance and enrollment reporting for all schools
- Financial reporting to include: annual budget, 1<sup>st</sup> Interim, 2<sup>nd</sup> Interim, Unaudited Actual year-end financial statements and annual CPA audited consolidated financial statements  
Annual CPA prepared tax returns
- Any notices or report of any potential violation of Borrower’s charter
- Any changes in key management or governance positions
- Borrower to receive and maintain all necessary permits (e.g. COO) for the ongoing use of all school facilities
- Notification of any changes/amendments to existing bonds upon knowledge
- All other information that Bank may reasonably request

**CONDITIONS  
PRECEDENT:**

Including, but not limited to:

- Satisfactory completion of Bank due diligence, including, without limitation, legal, credit, financial and collateral investigation which, at the sole discretion of Bank, shall be satisfactory and shall evidence that all information provided by Borrower is accurate
- No material adverse change in Borrower's financial condition, operations or business outlook prior to funding
- Evidence satisfactory to Bank of the perfection of all security interests to be granted by Borrower
- Corporate structure to be acceptable to Bank.
- An Opinion of Counsel letter in form and substance and issued by counsel reasonably satisfactory to Bank
- Proper execution and filing of any, and all, documents loan and otherwise, required by Bank including KYC and BSA, landlord waivers, acceptable insurance, subordination agreements for any shareholder/investor debt, and any needed inter-creditor agreement
- Borrower to maintain all major operating accounts at Bank over the life of the credit facilities unless pre-approved by Bank
- Borrower to provide instructions to all State Payors to deliver all state payments (net of bond intercept payments) for all schools to Borrower's bank accounts at Bank
- All loan payments to be charged to a Bank checking account
- Final credit approval by Bank

Bank's underwriting and due diligence process includes, but is not limited to, Bank's receipt and review of third party reports such as: 1) a Financial Institutions Reform, Recovery and Enforcement Act appraisal; 2) an environmental assessment; and, 3) if required by Bank, a property condition report, a zoning report, and any additional inspections, reports or diligence that Bank may deem required. In order for Bank, its agents and any consultants to perform and prepare such third party reports, you shall facilitate or otherwise provide access to the property as needed.

This Letter of Interest is not intended to address all aspects of the credit facility(ies) and documentation, but is designed as an outline for subsequent discussions with Bank of the various credit accommodations. As such, it cannot be construed as a commitment to make credit available or an offer to lend on the part of Bank unless we give you a written commitment. This Letter of Interest is not an evidence of an agreement between us and an agreement will not exist unless and until we provide a written commitment or if we enter into a mutually agreed upon written agreement. It is highly conceivable that certain information obtained during the processing and due diligence of this request may cause alterations to proposed terms contained in this Letter of Interest. It is also understood that efforts by Bank to complete due diligence, negotiate terms, prepare drafts of an agreement or other performance prior to the execution of a formal written agreement will not constitute or be considered as evidence of intent by Bank to be bound by this Letter of Interest. The terms of the credit facility(ies) described in this Letter of Interest may not be contradicted by evidence or any alleged oral agreement, may not be disclosed, and may not be relied upon for any purpose without Bank's prior written consent.

By your acknowledgement of this Letter of Interest, you agree not to directly or indirectly disclose, divulge, publish, disseminate or otherwise make available any portion of this Letter of Interest to any person (including, without limitation, any lender or representative of any lender other than Bank) other than the employees of Borrower and/or of its affiliates who have a need to know its contents to perform their duties as employees. You also agree to instruct such employees to hold the content of this Letter of Interest in strictest confidence.

Once again, we are very pleased to present this expression of interest and sincerely hope to be able to work with you to build a long-term banking relationship. The services we offer, on the lending and depository side, are designed to improve and streamline the financial lives of our clients. We are interested in understanding your business needs and helping you achieve your financial goals today and in the future. In addition to providing excellent loan origination and servicing, our deposit platform, cash management services, merchant credit card

processing capability, and other services will help optimize your financial performance and reporting. These services are an integral part of our offering and our clients value the day-to-day relationship services we provide, in addition to our superior lending services.

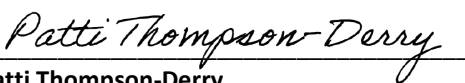
We look forward to discussing our proposal with you and are happy to answer any questions you may have. If our proposal meets your needs, please sign below and return the signed copy of this Letter of Interest along with the Good Faith Deposit and Rate Lock fee (if applicable). The Good Faith Deposit shall not earn interest; it will be applied towards any costs and expenses incurred by the Bank as related to the Loan or the processing of the Loan, including without limitation, costs of ordering third party reports, such as appraisals, environmental reports, flood determination reports, preliminary title reports, as well as, legal fees and costs, such as outside counsel fees. Any portion of the Good Faith Deposit that is applied against such costs and expenses is not refundable. Further, if the Bank's costs and expenses exceed the Good Faith Deposit, you shall promptly pay such difference to the Bank upon demand, regardless of whether the Loan funds. The Good Faith Deposit may be received via wire transfer using the wiring instructions enclosed.

This Letter of Interest will automatically expire on the date that is **six (6) business days** from the date of this Letter of Interest (the "Expiration Date") and is not binding on the Bank. Please return a copy of this Letter of Interest signed by the Borrower(s), as applicable, to this office no later than 5:00 PM PST, December 8 2023, together with the Good Faith Deposit and Rate Lock fee (if applicable), on or prior to the Expiration Date. Further in the event that Borrower has not executed all required loan documents, approved by Bank in its sole discretion, on or prior to the date that is **seventy-five (75) days** after the date of this Letter of Interest, then (a) this Letter of Interest shall automatically terminate, and (b) Borrower shall reimburse Bank for all costs incurred in connection with the proposed credit facility(ies), including, without limitation, attorneys' fees, after application of the Good Faith Deposit.

**Please indicate your acceptance of all of the terms of this Letter of Interest by signing this letter below. Thank you for the opportunity to work with you and should you have any questions, please feel free to contact me at (818) 642-7273**

We look forward to working with you to facilitate this credit accommodation and to fulfilling your banking needs.

Sincerely,  
**BANC OF CALIFORNIA, N.A.**

  
**Patti Thompson-Derry**  
Senior Vice President,  
Specialty Banking, Charter Schools  
Banc of California, N.A.

**ACKNOWLEDGED AND ACCEPTED BY:**

**Borrower:**  
**Magnolia Research & Educational Foundation**

\_\_\_\_\_  
By Date  
Title

\_\_\_\_\_  
By Date  
Title

**Privacy Notice:**

A notice containing information under the California Consumer Privacy Act (CCPA) about the categories of personal information (PI) that Banc of California, N.A. collects and the business or commercial purpose(s) for which the information may be used may be found in our Privacy Policy at <https://bancocal.com/privacy-policy/#coverage>

**Notice to all Parties:**

To help the government prevent the funding of terrorism and money laundering activities, federal law requires **all** financial institutions to obtain, verify and record information that identifies each person who opens an account. **What this means for you:** When you open an account or apply for a loan we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

The **Federal Equal Credit Opportunity Act** prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided the applicant has the capacity to enter into a binding contract), because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. The federal agency that administers compliance with this law concerning this creditor is the Office of the Comptroller of the Currency, Customer Assistance Group, 1301 McKinney Street, Suite 3450, Houston, TX 77010-9050.

**California Notice of Right to Receive Copy of Appraisal –Non-Residential Real Property\***

You have a right under Section 11423 of the California Business and Professions Code to a copy of the appraisal we obtain in support of your application for credit, provided that you have paid for the appraisal and the cost of duplicating the appraisal. In order to obtain a copy of your appraisal, write to us at the address above.

We must hear from you no later than 90 days after we notify you about the action taken on your credit application or send you a notice of incomplete application. If you withdraw your application, you must make your request for an appraisal within 90 days of the withdrawal. If you request a copy of your appraisal, and you have paid for the cost of the appraisal, we will send you a copy at the address shown on your loan application. You are only entitled to receive a copy of the appraisal we obtained for purposes of evaluating your pending request for an extension of credit with us.

*\*Non-residential real property is any real property other than real property containing only a 1-4 family residence. Five or more residential units is considered for purposes of this disclosure to be "Non-residential Real Property."*

**Federal Right to Receive a Copy of Appraisals – Residential 1-4 units**

We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.

**Fair Appraisal Act (AB 948).** Any appraisal of the property is required to be unbiased, objective, and not influenced by improper or illegal considerations, including, but not limited to, any of the following: race, color, religion (including religious dress, grooming practices, or both), gender (including, but not limited to, pregnancy, childbirth, breastfeeding, and related conditions, and gender identity and gender expression), sexual orientation, marital status, medical condition, military or veteran status, national origin (including language use and possession of a driver's license issued to persons unable to provide their presence in the United States is authorized under federal law), source of income, ancestry, disability (mental and physical, including, but not limited to, HIV/AIDS status, cancer diagnosis, and genetic characteristics), genetic information, or age. If a buyer or seller believes that the appraisal has been influenced by any of the above factors, the seller or buyer can report this information to the lender or mortgage broker that retained the appraiser and may also file a complaint with the Bureau of Real Estate Appraisers at <https://www2.brea.ca.gov/complaint/> or call (916) 552-9000 for further information on how to file a complaint.

**Right to Request Specific Reasons for Credit Denial Given at Time of Application**

If your application for business credit is denied, you have the right to a written statement of the specific reasons for the denial. To obtain the statement, please contact Bank at the address listed above within 60 days from the date you are notified of our decision. We will send you a written statement of reasons for the denial within 30 days of receiving your request for the statement.