Magnolia Public Schools

Regular Board Meeting

Date and Time

Thursday October 8, 2026 at 6:00 PM PDT

Location

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

Access to the Board Meeting

Teleconferencing locations are provided at each Magnolia Science Academy school site:

- Magnolia Science Academy-1 (18238 Sherman Way, Reseda, CA 91335)
- Magnolia Science Academy-2 (17125 Victory Blvd, Van Nuys, CA 91406)
- Magnolia Science Academy-3 (1254 E Helmick St, Carson, CA 90746)
- Magnolia Science Academy-4 (11330 W Graham Place, Los Angeles, CA 90064)
- Magnolia Science Academy-5 (18238 Sherman Way, Reseda, CA 91335)
- Magnolia Science Academy-6 (745 S. Wilton Ave, Los Angeles, CA 90005)
- Magnolia Science Academy-7 (18355 Roscoe Boulevard, Northridge, CA 91325)
- Magnolia Science Academy-8 (6411 Orchard Ave, Bell, CA 90201)
- Magnolia Science Academy-Santa Ana (2840 W 1st Street, Santa Ana, CA 92703)
- Magnolia Science Academy-San Diego (6525 Estrella Ave, San Diego, CA 92120)
- Magnolia Science Academy-Orange County Anaheim (412 W. Carl Karcher Way, Anaheim, CA 92801)

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:
Dial in: 1-669-444-9171
Meeting ID: 978 5606 4990 - **Passcode:** 021250

Zoom: https://zoom.us/j/97856064990?pwd=MHhBZCtGT0xEMlZpNEZQZVJ3RDBPZz09

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 MPS Home Office at 213-628-3634 or email board@magnoliapublicschools.org with such requests.

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, 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 or call (213) 628-3634.

Board Members:
Mr. Mekan Muhammedov, Chair
Ms. Sandra Covarrubias, Vice-Chair
Dr. Umit Yapanel
Dr. Salih Dikbas
Ms. Diane Gonzalez
Mr. Serdar Orazov

Student Board Member:
Ms. Ilemi Cordoba

CEO & Superintendent:

Mr. Alfredo Rubalcava

Agenda

		Purpose	Presenter	Time
I.	**Opening Items**			**6:00 PM**
	Opening Items			
A.	Call the Meeting to Order			1 m
B.	Pledge of Allegiance			1 m
C.	Record Attendance and Guests			1 m
D.	Approval of Agenda	Vote		1 m
E.	Public Comments			6 m
F.	Announcements - CEO & Superintendent, Board, Student Board Member			5 m
G.	Approval of Minutes from MPS Regular Board Meeting - September 14, 2026	Approve Minutes		1 m
II.	**Closed Session**			**6:16 PM**
A.	Public Announcement of Closed Session	FYI		1 m
B.	Public Employee Performance Evaluation (§ 54957) - Title: CEO & Superintendent			55 m
C.	Conference with Legal Counsel - Anticipated Litigation pursuant to (§54956.9): 1 case			20 m
D.	Conference with Legal Counsel - Existing Litigation (§54956.9): 1 case			5 m
E.	Public Employee Discipline/Dismissal Release (§ 54957)			15 m
F.	Report Out of Closed Session	FYI		1 m

		Purpose	Presenter	Time
III.	**Information/Discussion Items**			**7:53 PM**
A.	Magnolia Public Schools (MPS) Annual Authorizer Oversight Reports From Orange County Department of Education (OCDE) and San Diego Unified School District (SDUSD)	Discuss	David Yilmaz	15 m
B.	Average Daily Attendance (ADA) Update	Discuss	Gokhan Serce and Meagan Wittek	10 m
C.	Comprehensive Talent and Workforce Insights: Organizational Health and Retention Trends 2025-26	Discuss	Fiorella Del Carpio	10 m
IV.	**Consent Items**			**8:28 PM**
A.	Approval of 2026-27 Compliance Monitoring and Certification of Board Compliance Review for MSA–4, 6, 7, Bell, and Santa Ana	Vote	David Yilmaz	2 m
B.	Approval of the Updated 2026-27 Magnolia Public Schools (MPS) Employee Handbook	Vote	Fiorella Del Carpio	2 m
V.	**Action Items**			**8:32 PM**
A.	Approval of California School Finance Authority (CSFA) Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group – Issue No. 3), Series 2026C and Series 2026D (Taxable), and Adoption of Related Bond Resolutions (Magnolia Science Academy-1 and Magnolia Science Academy-2 Projects)	Vote	Cafer Turan	15 m
B.	Approval of Board Resolution for Elimination of Positions for the Magnolia Science Academy ("MSA")-3 for the Improvement of Educational Programs for Students	Vote	Fiorella Del Carpio & Gokhan Serce	10 m

		Purpose	Presenter	Time
C.	Approval of Construction and Contractor Change Orders for the Magnolia Science Academy-5 (7111 Winnetka) Project	Vote	Patrick Ontiveros	15 m
D.	Approval of Payment to Sherman Way Terrace LP Pursuant to Existing Lease Agreement for Magnolia Science Academy-1	Vote	Patrick Ontiveros	5 m
E.	Magnolia Public Schools Student Health & Administration of Medications Policy - 2026 Update	Vote	Gokhan Serce	10 m

VI. Closing Items — 9:27 PM

A.	Adjourn Meeting	1 m

Coversheet

Approval of Minutes from MPS Regular Board Meeting - September 14, 2026

Section:	I. Opening Items
Item:	G. Approval of Minutes from MPS Regular Board Meeting - September 14, 2026
Purpose:	Approve Minutes
Submitted by:	
Related Material:	Minutes for Regular Board Meeting on September 14, 2026

DRAFT

Magnolia Public Schools

Minutes

Regular Board Meeting

Date and Time
Monday September 14, 2026 at 6:00 PM

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

Board Members:
Mr. Mekan Muhammedov, Chair
Ms. Sandra Covarrubias, Vice-Chair
Dr. Umit Yapanel
Dr. Salih Dikbas
Ms. Diane Gonzalez
Mr. Serdar Orazov

Student Board Member:
Ms. Ilemi Cordoba

CEO & Superintendent:
Mr. Alfredo Rubalcava

Directors Present
M. Muhammedov, S. Covarrubias, S. Dikbas (remote), S. Orazov, U. Yapanel

Directors Absent
D. Gonzalez

I. Opening Items

A. Call the Meeting to Order

M. Muhammedov called a meeting of the board of directors of Magnolia Public Schools to order on Monday Sep 14, 2026 at 6:04 PM.

B. Pledge of Allegiance

The Pledge of Allegiance was recited by Board members, staff, and guests.

C. Record Attendance and Guests

Refer to the attendance information recorded above. Student Board Member, I. Cordoba was present.

D. Approval of Agenda

S. Covarrubias made a motion to approve the agenda as presented.
U. Yapanel seconded the motion.
I. Cordoba, Student Board Member, gave her preferential opinion as a statement of yes for this item.
The board **VOTED** unanimously to approve the motion.

Roll Call

S. Covarrubias	Aye
S. Orazov	Aye
U. Yapanel	Aye
M. Muhammedov	Aye
S. Dikbas	Aye
D. Gonzalez	Absent

E. Public Comments

No public comments were made at this time.

F. Announcements - CEO & Superintendent, Board, Student Board Member

A. Rubalcava, Chief Executive Officer and Superintendent, recognized MPS schools for a strong first month of the academic year and their focus on deeper learning. He also announced that all Board members completed the required Brown Act and Conflict of Interest trainings and received their certificates of completion by August 26, 2026.

G. Approval of Minutes from MPS Regular Board Meeting and Board Retreat - August 15, 2026

S. Covarrubias made a motion to approve the minutes from Regular Board Meeting & MPS Board Retreat on 08-15-26.
M. Muhammedov seconded the motion.
I. Cordoba, Student Board Member, gave her preferential opinion as a statement of yes for this item.
The board **VOTED** unanimously to approve the motion.

Roll Call	
S. Dikbas	Aye
U. Yapanel	Aye
D. Gonzalez	Absent
S. Orazov	Aye
M. Muhammedov	Aye
S. Covarrubias	Aye

II. Closed Session

A. Public Announcement of Closed Session

M. Muhammedov, Board Chair, reported that the Board will be going into Closed Session to discuss three items:

1. Public Employee Performance Evaluation (§ 54957) - Title: CEO & Superintendent
2. Conference with Legal Counsel - Anticipated Litigation pursuant to (§54956.9): 1 case
3. Conference with Legal Counsel - Existing Litigation (§54956.9): 1 case

B. Public Employee Performance Evaluation (§ 54957) - Title: CEO & Superintendent

Item was discussed in closed session.

C. Conference with Legal Counsel - Anticipated Litigation pursuant to (§54956.9): 1 case

Item was discussed in closed session.

D. Conference with Legal Counsel - Existing Litigation (§54956.9): 1 case

Item was discussed in closed session.

E. Report Out of Closed Session

The Board returned from closed session at approximately 8:30 PM. M. Muhammedov reported out and corrected an error from the prior Board meeting with the following comment: "I would like to amend that at the July 23rd, 2026 meeting after exiting closed session, the board reported on the first closed session agenda item, public employee performance evaluation for the CEO and superintendent that the board took an action.

This report was made an error. The board confirms that the corrected report for that item at the July 23rd, 2026 meeting is as follows: No action was taken."
Additionally, Mr. Muhammedov, reported in open session that on all items in closed session, the Board took no action and directed staff to take next steps.

III. Information/Discussion Items

A. Magnolia Public Schools (MPS) Annual Authorizer Oversight Reports

S. Orazov, Finance, Audit, Risk and Facilities (FARF) Committee Chair, provided a brief summary of the MPS Annual Authorizer Oversight Reports from LACOE and LAUSD, noting that the item had been discussed in detail during the FARF Committee meeting. He shared that the Committee reviewed the reports, corrective actions, and planned next steps with staff.

B. Enrollment Update

B. Olivares, Managing Director of Enrollment and Community Engagement, presented an update on 2026-27 enrollment, noting that overall enrollment is trending positively and is close to the network's budgeted target. E. Acar, Deputy Superintendent, gave the finance and budget perspective. Staff identified MSA 3, MSA 4, and MSA Orange County–Anaheim as schools requiring continued enrollment focus and discussed strategies to strengthen student recruitment and retention.
Board members asked questions regarding enrollment gaps and factors affecting student retention. Staff provided clarification and discussed ongoing efforts to address these areas, including a continued focus on retention and transition from 8th to 9th grade.

IV. Consent Items

A. Approval of After School Education and Safety (ASES) Memorandum of Agreement with YMCA and San Diego County Office of Education for Magnolia Science Academy-San Diego

S. Orazov made a motion to approve Mr. Alfredo Rubalcava, CEO and Superintendent of Magnolia Public Schools, to sign the Memorandum of Agreement (MOA) for Magnolia Science Academy – San Diego After School Education and Safety (ASES) Program with YMCA of San Diego County (YMCA) for a retroactive date effective July 1, 2026. Additionally, to approve Mr. Alfredo Rubalcava to sign the Memorandum of Agreement with the San Diego County Office of Education when it is received.
M. Muhammedov seconded the motion.
I. Cordoba, Student Board Member, gave her preferential opinion as a statement of yes for this item.
The board **VOTED** to approve the motion.

Roll Call	
S. Covarrubias	Aye
S. Dikbas	Aye
S. Orazov	Aye
D. Gonzalez	Absent
U. Yapanel	Aye
M. Muhammedov	Aye

B. Approval of the Updated Magnolia Public Schools (MPS) Employee Handbook for 2026-2027

S. Orazov made a motion to approve the updated 2026-27 Magnolia Public Schools Employee Handbook as presented effective immediately.
M. Muhammedov seconded the motion.
I. Cordoba, Student Board Member, gave her preferential opinion as a statement of yes for this item.
The board **VOTED** unanimously to approve the motion.

Roll Call	
M. Muhammedov	Aye
S. Covarrubias	Aye
S. Dikbas	Aye
U. Yapanel	Aye
D. Gonzalez	Absent
S. Orazov	Aye

V. Action Items

A. Approval of Revised Preliminary, Non-Binding Stifel Engagement and Authorization to Submit a California School Finance Authority (CSFA) Application for Potential 2026C / 2026D Financing

C. Turan, Interim Chief Financial Officer, presented the proposed approval of the preliminary non-binding Stifel engagement and authorization of CSFA applications for potential 2026C and 2026D financing. He clarified that the $22.5 million amount represents an application ceiling and does not authorize borrowing or final debt issuance. Board members asked questions regarding the financing timeline, maximum financing amount, and proposed terms. Staff and representatives from Stifel provided clarification and noted that the proposed financing details would be brought back to the Board at the October 8, 2026 meeting for further consideration.
S. Orazov made a motion to approve the preliminary, non-binding Stifel engagement and authorize/ratify submission of the related CSFA financing and credit enhancement applications for the proposed 2026C/2026D financing, substantially as presented. This action does not authorize final debt issuance.
M. Muhammedov seconded the motion.

I. Cordoba, Student Board Member, gave her preferential opinion as a statement of yes for this item.
The board **VOTED** unanimously to approve the motion.

Roll Call

S. Orazov	Aye
D. Gonzalez	Absent
S. Dikbas	Aye
S. Covarrubias	Aye
U. Yapanel	Aye
M. Muhammedov	Aye

B. Approval of Construction and Contractor Change Orders for the Magnolia Science Academy-5 (7111 Winnetka) Project

P. Ontiveros, General Counsel and Director of Facilities, presented the proposed approval of construction and contractor change orders for the MSA-5 project at 7111 Winnetka Avenue in an amount just under $100,000. He explained that the change orders included owner-requested anti-graffiti coating and building signage, as well as additional work related to project scope gaps.
Board members asked questions regarding the remaining project contingency, potential future change orders, scope gaps, and the cost of the building signage. Staff provided clarification and noted that additional change orders may be brought forward as the project nears completion.
M. Muhammedov made a motion to approve the proposed construction change orders submitted by the prime contractor, Del Amo Construction for the Magnolia Science Academy-5 project located at 7111 Winnetka Ave (the “Project”), in a total amount equal to Ninety-Nine Thousand Seven Hundred Fifty-Six and 07/100 Dollars $99,756.07.
S. Orazov seconded the motion.
I. Cordoba, Student Board Member, gave her preferential opinion as a statement of yes for this item.
The board **VOTED** to approve the motion.

Roll Call

S. Orazov	Aye
S. Dikbas	Aye
M. Muhammedov	Aye
D. Gonzalez	Absent
S. Covarrubias	No
U. Yapanel	Aye

C. Approval of 2025-26 Unaudited Actuals Reports

S. Orazov, FARF Committee Chair, provided a brief summary of the 2025-26 Unaudited Actuals, noting that the item had been reviewed in detail during the FARF Committee meeting, including a comparison of year-end actuals to the Second Interim projections. The FARF Committee recommended approval of the item.

S. Orazov made a motion to approve the 2025-26 Unaudited Actuals for all MPS school sites and MERF as presented and authorize management to submit the approved reports to the applicable authorizers and regulatory agencies.
M. Muhammedov seconded the motion.
I. Cordoba, Student Board Member, gave her preferential opinion as a statement of yes for this item.
The board **VOTED** to approve the motion.

Roll Call	
S. Dikbas	Aye
U. Yapanel	Aye
M. Muhammedov	Aye
D. Gonzalez	Absent
S. Covarrubias	Absent
S. Orazov	Aye

D. Approval of Board Resolution for Creation of Positions Across MPS Network for the Improvement of Educational Programs for Students for the 2026-27 School Year

G. Serce, Chief Academic Officer, presented the proposed approval of the Board resolution for the creation of positions across the MPS network for the 2026-27 school year. He explained that the positions are needed to address increased special education needs, enrollment and program needs at MSA-5, and grant-funded Home Office positions that will provide support across MPS campuses. He also requested an amendment to change the two proposed full-time Physical Education (PE) Teacher Aide positions at MSA-5 to two part-time PE Teacher Aide positions.
Board members asked questions regarding the need for the additional positions, particularly special education staffing, and staff provided clarification.

M. Muhammedov made a motion to amend the existing motion and approve board resolution authorizing the creation of the following positions, effective immediately: * MSA-4: One (1) full-time Education Specialist * MSA-5: One (1) full-time Education Specialist, one (1) full-time Dean of Academics, one (1) full-time IT Technician, one (1) full-time SPED Aide, two (2) part-time Teacher Aides (PE), one (1) part-time ELA Teacher * MSA-7: Two (2) part-time SPED Aide. * MSA-OC Anaheim: Three (3) full-time SPED Aides, one (1) full-time Education Specialist * MSA-Santa Ana (“MSA-SA”): One (1) full-time SPED Aide, one (1) full-time Education Specialist * Home Office: One (1) full-time Special Programs Manager, one (1) full-time Grants Manager. The amended motion changed the two full-time Teacher Aides (PE) for MSA-5 to two part-time Teacher Aides (PE) for MSA-5.
U. Yapanel seconded the motion.

I. Cordoba, Student Board Member, gave her preferential opinion as a statement of yes for this item.
The board **VOTED** unanimously to approve the motion.

Roll Call

S. Orazov	Aye
D. Gonzalez	Absent
M. Muhammedov	Aye
S. Dikbas	Aye
U. Yapanel	Aye
S. Covarrubias	Aye

E. Prop 28 Arts and Music in Schools Funding Annual Reports for the 2025-26 Fiscal Year for All Magnolia Public Schools

G. Serce, Chief Academic Officer, presented the Proposition 28 Arts and Music in Schools Funding Annual Reports for the 2025-26 fiscal year. He explained that Proposition 28 provides dedicated state funding to support arts and music programs through staffing, outside partnerships, and program supplies. He noted that annual reporting is required and that reports were completed for all applicable MPS schools, with MSA Orange County to begin reporting in the following year.
Board members were provided an opportunity to ask questions or provide comments.

S. Orazov made a motion to approve the required Proposition 28 Arts and Music in Schools (AMS) Funding Annual Reports for Magnolia Science Academy (MSA)-1, 2, 3, 4, 5, 6, 7, 8, Santa Ana and San Diego for 2025-26 Fiscal Year.
M. Muhammedov seconded the motion.
I. Cordoba, Student Board Member, gave her preferential opinion as a statement of yes for this item.
The board **VOTED** unanimously to approve the motion.

Roll Call

S. Dikbas	Aye
M. Muhammedov	Aye
U. Yapanel	Aye
S. Covarrubias	Aye
D. Gonzalez	Absent
S. Orazov	Aye

F. Approval of Resolution Authorizing a Programmatic Trip to China

G. Serce, Chief Academic Officer, and S. Keskinturk, MSA Santa Ana Principal, presented the proposed programmatic trip to China for high school students participating in the school's robotics program. They explained that the 10-day trip would provide students with learning experiences focused on robotics, artificial intelligence, engineering, and technology, including visits to high-tech companies and educational institutions.

Board members asked questions regarding trip costs, fundraising, insurance and safety, staff participation, and whether the trip may become a recurring opportunity. Staff explained that fundraising would be used to offset costs, with participating families covering any remaining balance, and that additional travel insurance options would be explored.

S. Covarrubias made a motion to approve the resolution authorizing and facilitating a programmatic Trip to China for students enrolled in the Robotics classes (High School Robotics Course students, and Advisory/Sustained Silent Reading (SSR) Robotics Course students) at Magnolia Science Academy Santa Ana.
S. Orazov seconded the motion.
I. Cordoba, Student Board Member, gave her preferential opinion as a statement of yes for this item.
The board **VOTED** unanimously to approve the motion.

Roll Call

S. Covarrubias	Aye
S. Dikbas	Aye
U. Yapanel	Aye
S. Orazov	Aye
D. Gonzalez	Absent
M. Muhammedov	Aye

G. Approval of Current Conflict of Interest Code & Policy and Submission of 2026 Multi-County Agency Biennial Notice to FPPC

A. Rubalcava, Chief Executive Officer and Superintendent, presented the review of the current Conflict of Interest Code and the 2026 Multi-County Agency Biennial Notice. He explained that the Conflict of Interest Code requires updates due to newly created positions, positions that no longer exist, and revisions to disclosure categories. He requested Board authorization for staff to proceed with the required amendments and submit the Biennial Notice to the Fair Political Practices Commission (FPPC) by the October 1 deadline.
S. Orazov made a motion to confirm that it has reviewed the current Magnolia Educational & Research Foundation (MERF) Conflict of Interest Code (“Code”) and determined that the Code requires updates and amendments in the following areas: 1. New positions which involve the making or participating in the making of decisions which may foreseeably have a material impact on a financial interest 2. Current designated positions need renaming or deletion 3. Disclosure categories need revision The Board directs Executive staff to prepare all appropriate changes to the Code and proceed with the procedures and steps outlined by the Fair Political Practices Commission (“FPPC”) to implement these changes.
U. Yapanel seconded the motion.

I. Cordoba, Student Board Member, gave her preferential opinion as a statement of yes for this item.
The board **VOTED** unanimously to approve the motion.

Roll Call	
U. Yapanel	Aye
S. Covarrubias	Aye
M. Muhammedov	Aye
D. Gonzalez	Absent
S. Orazov	Aye
S. Dikbas	Aye

VI. Closing Items

A. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 9:41 PM.

Respectfully Submitted,
M. Muhammedov

Coversheet

Magnolia Public Schools (MPS) Annual Authorizer Oversight Reports

Section:	III. Information/Discussion Items
Item:	A. Magnolia Public Schools (MPS) Annual Authorizer Oversight Reports
Purpose:	Discuss
Submitted by:	
Related Material:	III.A MPS Annual Authorizer Oversight Reports.pdf

Agenda Item:	III.A Information/Discussion Item
Date:	October 8, 2026
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools ("**MPS**") Board of Directors (the "**Board**")
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead(s):	David Yilmaz, Chief Accountability Officer
RE:	MPS Annual Authorizer Oversight Reports

Action Proposed:

N/A

Purpose:

It is imperative that we share authorizer oversight reports with our Board, highlight any findings, and discuss possible next steps for actions that should be taken based on the feedback provided by the authorizers.

Background:

Oversight Visits Overview
Per the Education Code, charter authorizers need to conduct at least one annual oversight visit to their authorized schools. During an oversight visit authorizers meet with the school leadership, visit classrooms, conduct interviews with staff, parents, and students, check student and staff records, interview some staff (for segregation of duties, etc.), and review a list of documents that our schools provide in physical and electronic binders. The Home Office supports the schools in preparation for the oversight visits through mock visits, document review, and attendance to the visits.

2025-26 Oversight Visits
All eleven of our schools have been visited by their respective authorizers. Following are the visit dates for 2025-26:

School	Authorizer	Visited?	Dates/Notes
MSA-1	LACOE	Yes	11/7/25 and 5/26/26
MSA-2	LACOE	Yes	11/4/25 and 5/11/26
MSA-3	LACOE	Yes	10/20/25 and 5/18/26
MSA-4	LAUSD	Yes	3/4/26
MSA-5	LACOE	Yes	11/7/25 and 5/14/26
MSA-6	LAUSD	Yes	4/10/26
MSA-7	LAUSD	Yes	3/24/26
MSA-Bell	LAUSD	Yes	5/8/26
MSA-San Diego	SDUSD	Yes	4/7/26
MSA-Santa Ana	SBE	Yes	1/30/26
MSA-OC-Anaheim	OCDE	Yes	10/7/25

Analysis:

This agenda is about oversight visit reports from OCDE and SDUSD.

MSA-ORANGE COUNTY:

The following are excerpts from OCDE's report.

School Site Visits

Date	Reason for Visit	OCDE Staff Name/Title
08/14/2025	Pre- Opening Facility Inspection - PYL	Rachel Carrillo, Coordinator
07/28/2025	Pre- Opening Facility Inspection - Anaheim	Rachel Carrillo, Coordinator
10/07/2025	Oversight Visit - Anaheim	Rachel Carrillo, Coordinator Zachary Pettitt, Coordinator
10/16/2025	Oversight Visit – Special Education Review	Rachel Carrillo, Coordinator Chris Romanosky, Director
10/21/2025	Oversight Visit – Placentia Yorba Linda	Rachel Carrillo, Coordinator Zachary Pettit, Coordinator Amber Fleming-Morales, Coordinator
11/13/2025	Board Meeting Observance	Rachel Carrillo, Coordinator
03/03/2026	Oversight Visit – EL Program Review	Rachel Carrillo, Coordinator Sandra Preciado, Manager

ACADEMIC DATA

Student Achievement Data

School-Administered Alternative Data: Yes

Assessment Platform Used: NWEA Maps

Verified data standard met: ☒ Yes ☐ No

School in differentiated assistance: ☐ Yes ☒ No

Magnolia Science Academy is in its first year of operation; therefore, no academic performance data is available for the 2025-2026 school year.

COMPLIANCE DATA

Notices of Concern/Corrective Action - Charter Term 2025-2030

Notice(s) of Concern or Corrective Action issued in the current charter term and summary of the school's response(s).

Date	Concern/Corrective Action	School Response
N/A	None	N/A

MAGNOLIA PUBLIC SCHOOLS

ACADEMICS AND INSTRUCTION

II. ACADEMICS AND INSTRUCTION

(* Indicates information gathered during the oversight visit.)

A. Pupil Achievement	Met / Not Met / Partially Met
a. California Assessment of Student Performance and Progress	
1. All numerically significant subgroups demonstrate growth in CAASPP ELA performance.	Data unavailable
2. All numerically significant subgroups demonstrate growth in CAASPP Mathematics performance.	Data unavailable
3. The schoolwide percentage of students who Met and Exceeded Standards in grades 3–8 and 11 on the CAASPP in English Language Arts is at or above the state average.	Data unavailable
4. The schoolwide percentage of students who Met and Exceeded Standards in grades 3–8 and 11 on the CAASPP in Mathematics is at or above the state average.	Data unavailable
b. California Science Test	**Met / Not Met / Partially Met**
1. All numerically significant subgroups demonstrated growth in CAST performance.	Data unavailable
2. The schoolwide percentage of students who Met or Exceeded CAST Standards in grades 5, 8 and 11 is at or above the state average.	Data unavailable
c. California Dashboard	**Met/ Not Met/ Partially Met**
1. The school demonstrated on the California Dashboard the highest performance levels (Blue/Green) on the following state indicators for two consecutive years: ☐ English Language Arts and Mathematics Assessments (CAASPP) ☐ English Language Proficiency Assessments for California (ELPAC) ☐ Chronic absenteeism (K-8) ☐ High School graduation rate ☐ Suspension rate ☐ College and Career Readiness (11th grade)	Data unavailable
2. The school performed at or above the state average for the majority of statistically significant subgroups (English learners, socioeconomically disadvantaged pupils, foster youth, homeless youth, students with disabilities, and racial/ethnic groups).	Data unavailable
3. The school met all local indicators.	Data unavailable

d. Services for Students with Disabilities	Met / Not Met / Partially Met
1. The school implements, monitors and modifies, as appropriate, a comprehensive Special Education Annual Plan that demonstrates an understanding of and compliance with all laws related to identifying and educating students with disabilities.*	Met
2. The school complies with timelines related to special education, including legal requirements for scheduling and conducting IEPs and the school has a process for determining a student's eligibility for services under section 504 of the Rehabilitation Act of 1973 and implements accommodation plans.*	Met
3. General education teachers who serve special needs students have access to those students' IEPs.*	Met
4. Pupil records include pertinent data regarding court documents, IEPs, 504 plans and assessment records and evidence of participation in special education programs, including required tests, case studies, authorizations and actions necessary to establish eligibility for admission or discharge.*	Met
5. The school understands and carries out its Child Find obligation for all students enrolled in the school.*	Met
6. The school consistently follows its discipline policy regarding students with disabilities, including conducting manifestation determinations.*	Met
7. The school has developed a means to track students' progress with disabilities aside from standardized state tests (e.g., progress on goals of the IEP, degree of inclusion in the general education classroom, student retention and graduation).*	Met

e. Services to Students Who Are English Learners	Met / Not Met / Partially Met
1. The school evaluates the effectiveness of its EL program regularly and a qualified staff member is designated to oversee and coordinate the EL program.*	Met
2. The school's Master Plan for English Learners includes EL identification, designated and integrated English Language Development instruction, progress monitoring, assessment, and reclassification and the school follows its plan.*	Partially Met
3. The school uses instructional practices, curricula and materials that address the specific needs of English learners.*	Partially Met
4. Students identified as ELs can participate meaningfully and equitably in the school's curriculum and activities (e.g., designated/integrated time does not conflict with enrichment time and access to grade-level core instructional curricula).*	Partially Met
5. The school monitors the academic progress of former ELL students for four years to ensure the students can progress at an appropriate pace in the regular instructional program.*	N/A
6. The school actively engages, recruits and encourages enrollment of EL and Limited English Proficiency students and families through ELAC, school materials and websites available in other languages and by providing translators at school events, such as open houses.	Met

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B. Instructional Program

a. Curriculum, Instruction and Implementation of Standards	Met / Not Met / Partially Met
1. All students have available and use state standards-based instructional materials.*	Partially Met
2. The school has implemented standards-based instruction per state academic content standards, including California Common Core State Standards, California English Language Development Standards and Next Generation Science Standards.*	Partially Met
3. The school implements differentiation, intervention, and other instructional strategies and approaches described in the charter petition designed to meet all students' learning needs, including subgroups, and those achieving significantly above or below grade level.*	Partially Met
4. The school offers opportunities for students to become college and career-ready (e.g., Career Technical Education, Advanced Placement Exams, International Baccalaureate Exams, College Credit Courses, A-G Courses, State Seal of Biliteracy, Military Science/Leadership)	N/A
5. The school disaggregates and analyzes data regularly to address individual student needs.*	Met
6. The school uses summative data for English learners to guide curriculum and instruction.*	Partially Met
7. Pupil achievement data is reported regularly to the school's governing board, parents and staff.*	Met
8. Parents are informed about the transferability of courses to other public high schools and the eligibility of courses to meet college entrance requirements, including A-G requirements.	N/A
b. Staffing and Professional Development	
1. The school has implemented a data-driven professional development plan for teachers and other staff that supports instructional practices, targets identified needs and aligns with the education program outlined in the charter petition.*	Met
2. The school provides opportunities for teachers to collaborate regularly to plan and improve curriculum and instruction.*	Met
3. The school has an evaluation system for school staff.*	Met
4. All certificated staff is fully credentialed as required by the California Commission on Teacher Credentialing; have the qualifications required by the federal Every Student Succeeds Act; have a certificate of clearance; and satisfy the requirements for professional fitness under Education Code sections 44339, 44340 and 44341.	Met

ACADEMICS AND INSTRUCTION SUMMARY

Areas of Strength and Progress

- As a first-year school, Magnolia Science Academy–Orange County (MSA-OC) has established foundational systems to support instruction, student services, and program implementation.
- The school has implemented schoolwide systems to support student engagement and school climate, including a Positive Behavioral Interventions and Supports (PBIS) framework and proactive attendance strategie.
- The school provides ongoing professional development and instructional coaching to support staff development and instructional practices.

Recommendations for Further Growth and Improvement

- As the school continues to implement its instructional program, it is recommended that the school establish consistent systems to ensure full alignment of curriculum, instruction, and assessment to state standards across all grade levels.
- English Learner program implementation is currently inconsistent. It is recommended that the school strengthen its English Learner program by establishing clear structures for designated English Language Development, instructional supports, and progress monitoring to ensure equitable access to grade-level content.
- It is recommended that the school establish structured collaboration time for general education teachers, special education staff, and English learner staff to support coordinated planning and service delivery for all students, including those who are dually identified.
- The school should implement a comprehensive professional development plan focused on building staff capacity in serving English learners and ensuring consistent instructional practices across classrooms.
- It is recommended that the school develop and implement a strategic enrollment plan to support long-term program sustainability across both sites.

MAGNOLIA PUBLIC SCHOOLS

GOVERNANCE AND OPERATIONS

III. GOVERNANCE AND OPERATIONS

A. Governance a. Structure and Accountability		Met / Not Met / Partially Met
1. The governing board complies with all applicable laws and regulations according to the board bylaws, the Brown Act, open meeting requirements, the charter petition, and the Agreement with the authorizer.		Met
2. The governing board is free of actual or perceived conflicts of interest.		Met
3. Vacancies are filled promptly and per the bylaws.		Met
4. The governing board has resolutions, board-adopted policies, and systems to ensure that the school provides adequate due process per applicable law and the charter petition to protect the rights of students, employees, parents and the public.		Met
5. The school leadership consistently provides information on school performance and achievement, and consults with the governing board to cultivate shared		Met

accountability, and the board regularly monitors internal data to inform decision making.	
6. The governing board receives annual Brown Act, Ethics, and Political Fair Practices training.	Met
7. The school is transparent regarding actual and potential liabilities and provides timely information to the authorizer and school governing board.	Met
8. The governing board has a system to ensure fiscal viability, including reviewing and approving budget reports and financial statements and knowledge of the school's short- and long-term financial outlook.	Met
9. The governing board evaluates school leadership.	Met
b. Board Meeting Review Meeting Date: 11/13/2025	**Met / Not Met / Partially Met**
1. The agenda for the current meeting is posted in plain view in a prominent place on campus.	Met
2. The agenda was posted at least 72 hours before a regular meeting and at least 24 hours before a special board meeting.	Met
3. The agenda contains a brief general description of each item of business to be discussed or voted on during the meeting.	Met
4. Documents are made available for public inspection at the same time as distributed to a majority of the board.	Met
5. A quorum of board members is present within the boundaries of the district/county where the school operates.	Met
6. The agenda identifies the location of each board member attending the meeting remotely.	Met
7. The meeting is called to order, and a roll call of board members is performed.	Met
8. If one or more board members are not physically present, voting for all action items utilizes a roll call vote.	Met
9. The board did not discuss or vote on non-agendized items.	Met
10. The board has protocols for hearing public comments and listens to the words without comment.	Met
11. The topic(s) scheduled for the closed session were related to one of the following and included a brief description of each item: ☐ *License/Permit Determination* (specify the number of applicants) ☐ *Conference with Real Property Negotiators* (specify street address of the real property under negotiation; specify names of agency negotiators attending the closed session; specify names of negotiating parties (not agent); specify whether the instruction to negotiator will concern price, terms of payment, or both) ☒ *Conference with Legal Counsel* • Significant exposure to litigation (specifies the number of potential cases)	Met

• Existing litigation (specify the name of the case by reference to claimant's name, names of parties, case or claim numbers, or if case name is specified, specify whether disclosure would jeopardize service of process or existing settlement negotiations) • Initiation of litigation (specify the number of potential cases) ☐ *Liability Claims* (specify the name of the claimant unless unspecified; specify the name of the agency claimed against) ☐ *Threat to Public Services or Facilities* (specify name of law enforcement agency and title of officer or name of applicable agency representative and title ☐ *Public Employee Appointment* or *Public Employment* (specify a description of the position to be filled) ☐ *Public Employee Performance Evaluation* (Title: specify position title of employee being reviewed) ☒ *Public Employee Discipline/Dismissal/Release* (No additional information is required; includes potential reduction of compensation) ☐ *Conference with Labor Negotiators* (specify names of designated representatives attending the closed session; specify the name of the organization representing the employee; specify position title of unrepresented employee who is the subject of the negotiations) ☐ Other (case review/planning, trade secret, hearings, etc.)	
12. The board reported decisions made and votes taken after the closed session.	Met

MAGNOLIA PUBLIC SCHOOLS

B. Operations

a. Organizational Management	Met / Not Met / Partially Met
1. The school promptly responds to all reasonable inquiries from the authorizer.	Met
2. The school files all returns and required paperwork timely to maintain nonprofit status.	Met
3. The school annually files Form 990, and all management and board members file Form 700s on time.	Met
4. The school has personnel policies that cover issues such as sick leave, overtime, etc.	Met

b. Admissions, Enrollment and Pupil Records	Met / Not Met Partially Met
1. Mandatory Permanent Pupil Records include*: ☒ Legal name, sex and place of birth of pupil ☒ Date of birth and method of verification ☒ Name and address of the parent, residence of the pupil, and method of verification ☒ Verification of or exemption from required immunizations	Met
2. Mandatory Interim Pupil Records include*	Met
☒ Pertinent data regarding court documents, IEPs, 504 plans, and assessment records. ☒ A log or record identifying those persons (except authorized school personnel) requesting, viewing, or receiving information from the record.	
3. The school securely stores student cumulative files, records, reports and documents.*	Met
4. The school's application and lottery processes are in alignment with the approved charter petition and current law.	Met

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c. Health and Safety	Met / Not Met / Partially Met
1. School facilities are clean, maintained, and provide a safe learning environment.*	Met
2. The school staff is trained and conducts emergency drills and maintains onsite emergency supplies to ensure it is able and prepared to implement its emergency procedures in the event of a natural disaster or emergency.*	Met
3. Facilities are sufficient to accommodate estimated student enrollment and to carry out the curricular and instruction program envisioned in the charter petition.*	Met
4. The school has a comprehensive visitors' policy that is visible in the main office.*	Met
5. The facilities are situated to minimize student contact with adults who do not have appropriate clearances as required by Education Code section 44237 and have proper security (e.g., fencing, adequate lighting, alarms, etc.).*	Met
6. The school conducts criminal background checks for all employees and volunteers who perform school site services, and tuberculosis (TB) risk assessments/clearances for all employees and volunteers with frequent or prolonged contact with students.*	Met
7. The charter school has acquired all necessary school facility permits, inspections, and leases.	Met
8. The school complies with required annual notices and website postings under current law.	Met
9. The school maintains insurance coverage, as delineated in the Agreement.	Met
10. By March 1, annually, the school reviews and updates its comprehensive health, safety, disaster preparedness, and emergency plans in compliance with law.	Met
11. School employees are trained in blood-borne pathogens, child abuse reporting, staff and student relationships, opioid antagonist, EpiPen administration, sexual harassment, suicide prevention, and workplace violence prevention.	Met

GOVERNANCE AND OPERATIONS SUMMARY

Areas of Strength and Progress

- The governing board demonstrates compliance with applicable laws and maintains systems for oversight of school operations and fiscal management.
- The school maintains clean, safe facilities and demonstrates responsiveness to authorizer requests and operational requirements.

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- The governing board participates in ongoing training and engages in oversight of school performance and financial condition.

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BUDGET AND FINANCE

IV. BUDGET AND FINANCE

A. Policies and Accounting	Met / Not Met / Partially Met
a. Attendance	
1. The staff person primarily responsible for attendance reporting is trained in CALPADS and attendance software.	Met
2. There are approved board policies that address student attendance, including short-term independent study.	Met
3. There is a board-approved charter school calendar and class (bell) schedule.	Met
4. The charter school has a process to monitor and ensure compliance with the requirements for minimum instructional minutes, and there is an assigned individual to monitor compliance.	Met
5. There are at least 175 instructional days unless reduced by statute or law due to extraordinary circumstances.	Met
6. The charter school maintains class lists that include all students.	Met
7. Absences are excluded from the apportionment days.	Met
8. Attendance records are maintained for audit.	Met
9. There is a process to compile schoolwide ADA.	Met
10. Projected enrollment and ADA are realistic.	Met
b. Independent Study (if applicable)	**Met / Not Met Partially Met**
1. Certificated teachers evaluate pupil work product for time value for apportionment purposes. [EC 51747.5(b), 5 CCR 11700(v)(2) and (l), 5 CCR 11703(b)(4)]	Met
2. The charter school's ratio of ADA to full-time equivalent (FTE) certificated employees is equal to or less than 25-to-1 OR the ratio of pupils to FTE certificated employees for all other educational programs operated by the largest unified school district, as measured by ADA as reported at the second principal apportionment in the prior year, in the county or counties where the charter school operates.	Met
3. The charter school has written policies related to independent study that indicate compliance with Education Code section 51747.	Met
4. The charter school has records demonstrating adherence to Education Code section 51747 policies.	Met
c. Cash Receipts	**Met / Not Met / Partially Met**


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1. There are approved policies and procedures regarding cash receipts.	Partially Met
2. Receipts are issued for all cash, cashier's checks, and money orders received. ☒ Receipts are prenumbered/sequentially generated. ☒ Receipts are reconciled to the deposit.	Met
3. An audit trail is maintained to ensure the deposit of all monies.	Met
4. Cash is stored securely, and deposits are made promptly.	Met
5. At least two employees count cash, and the employees sign documentation.	Met
6. Duties are segregated for receipt of monies, deposit of funds, and reconciliation of bank statements.	Met
d. Disbursements	**Met / Not Met Partially Met**
1. There are approved policies regarding disbursements that include: ☒ An original invoice from the vendor. ☒ A receiving document. ☒ Appropriate preapproval of the purchase	Met
2. Encumbrances are recorded, tracked, and relieved as appropriate.	Met
3. Authorized employees sign checks, which require two signatures.	Met
4. Actual signatures are used.	Met
5. There are approved policies regarding using credit cards issued under the school's name.	Met
6. The charter school has a method to calculate and pay use tax for online purchases.	Met
7. There is a system to maintain vendor payment information to prepare 1099s.	Met
8. There are approved policies and procedures for segregating duties among purchasing, receiving, and accounts payable.	Met
9. The governing board approves/ratifies disbursements.	Met
10. Related party vendors/contractors/organizations/entities/individuals are identified for possible disclosure in the audit report.	Met
e. Payroll	**Met / Not Met Partially Met**
1. Federal and state tax deposits are made per the monthly/quarterly payment schedule.	Met
2. Earnings subject to retirement are reported to Social Security, CalPERS, and CalSTRS.	Met
3. The charter school has a system to provide employee earnings records, including CalSTRS and CalPERS data, to the authorizing LEA and county office of education.	Met
4. There is a system to maintain employee earnings records to prepare W-2s.	Met

5. There is a segregation of duties among staff who process and maintain employee data, salary schedules, and payroll payments.	Met
6. The charter school uses a position control system or spreadsheet that reconciles with the budget and payroll.	N/A

B. Budget, Accounting, and Financial Reporting

a. Budget

	Met / Not Met / Partially Met
1. All required financial documentation has been submitted to the authorizer on time during each reporting cycle.	Met
2. The charter school submits data for CALPADS and meets deadlines.	Met
3. There are board-approved policies regarding budgets, short-term/long-term debt, accruals, accounting and financial reporting, and implementation of the LCFF and the charter school's annual requirement to update the LCAP to account specifically for the expenditures of the supplemental and concentration grant funds generated by unduplicated pupils.	Met
4. The governing board has approved the budget within the appropriate timelines and includes sufficient expenditures to implement the LCAP.	Met
5. There is a process to review and revise the budget for student enrollment and operations changes.	Met
6. Enrollment projections are reasonable and based on a waiting list or other significant events.	Met
7. The governing board regularly reviews the budget and financial statements of the charter school and demonstrates knowledge of the charter school's short- and long-term financial outlook.	Partially Met
8. The governing board approves/ratifies the budget and budget revisions.	Met
9. The governing board approves/ratifies contracts and purchase orders per approved policies and procedures.	Met
10. The charter school maintains a list of short- or long-term debt obligations and includes them in the budget.	Met
11. Separate accounts are maintained for unrestricted and restricted revenues and expenditures per the California School Accounting Manual (CSAM).	Met
12. Financial reports are accurate, and the governing board reviews them regularly per the board's policy.	Met
13. Cash flow projections are prepared and updated regularly to ensure sufficient funds are available to meet the charter school's financial obligations.	Met
14. Cash flow reconciles with ending fund balance/net assets. (The charter includes an accrual column in their cash flow analysis.)	Met
15. Revenues are calculated accurately, given actual ADA and funding formulas.	Met

16. Expenditure projections are reasonable based on actual ADA, FTE, and operational expenses.	Met
17. A prudent level of reserves is maintained for economic uncertainties based on the number of ADA.	Not Met
18. Multiyear financial projections include long-term debt obligations, and assumptions are reasonable.	Met
19. Based on the projections, the charter school will be able to meet its financial obligations and maintain a positive fund balance and a prudent level of cash reserves to meet its financial obligations in the current and two subsequent fiscal years.	Partially Met
20. There are approved policies regarding the purchase and maintenance of equipment.	Met
21. An equipment inventory is: ☒ Maintained and on file at the main office. ☒ Conducted physically at each site.	Met
22. Equipment purchased with federal funds or donations is identified.	Met
23. If the charter school receives federal funds, it complies with the Title IX information posting requirement on its website in a prominent, conspicuous location, including the name, number, and email address of the Title IX Coordinator for the school. [EC 221.61]	Met
24. If the charter school receives funds from the EPA, the governing board determines the use of the EPA funds at an open public meeting.	Met
25. If the charter school receives funds from the EPA, it complies with Article XIII, section 36, Subdivision (e), Paragraph (6) of the California Constitution, which requires charter schools to report on their website an accounting of how much money was received and how that money was spent.	N/A

b. Audit	**Met / Not Met / Partially Met**
1. The chosen independent audit firm is on the State Controller's Office approved list.	Met
2. The school maintains all necessary records for audit.	Met
3. The first annual independent audit occurred after the charter school spent or received any money (from any source), obtained its first asset, or incurred its first obligation.	Met
4. On or before December 15 of the subsequent fiscal year, a copy of the audit for the prior year has been provided to the authorizing LEA, the county superintendent of schools of the county in which the charter school is located, the State Controller's Office, and the California Department of Education, per Education Code sections 47605 and 41020.	N/A
5. Audit adjustments, restatements, or financial corrections identified by the auditors have been recorded in the financial records so that the general ledger, ending fund balance, and all other accounts are accurately recorded.	N/A

6. A corrective action plan has been developed and implemented for each audit finding, and recommendations were presented to the governing board by January 31 each year per Education Code section 41020.3.	N/A
7. The prior year's audit recommendations have been implemented.	N/A

c. Local Control and Accountability Plan (LCAP)	Met / Not Met / Partially Met
1. The charter school completed, held a public hearing, adopted an LCAP (or annual update), and submitted it to the charter school authorizer per Education Code sections 47604.33 and 47606.5	Met
2. The charter school used the current State Board of Education LCAP template.	Met
3. The charter school prominently posted on the home page of its website the LCAP adopted by the governing board and any updates or revisions.	Met
4. The charter school LCAP addresses each of the following state priorities. ☒ Priority 1: credentials, materials and facilities. ☒ Priority 2: academic standards, including English learners (EL). ☒ Priority 3: parental involvement. ☒ Priority 4: pupil achievement. ☒ Priority 5: pupil engagement. ☒ Priority 6: school climate. ☒ Priority 7: course of study. ☒ Priority 8: other pupil outcomes.	Met
5. Schoolwide goals are included for the applicable priorities.	Met
6. The following subgroups are listed based on prior year demographic data: ☒ Racial/ethnic subgroups. ☒ Socioeconomically disadvantaged. ☒ English learners. ☒ Pupils with disabilities. ☒ Foster youth.	Met
7. Subgroup goals are included for the applicable priorities.	Met
8. The charter school presented a report on the annual update to the LCAP and the LCFF Budget Overview for Parents on or before February 28 at a regularly scheduled board meeting, which included: ☒ Midyear outcome data related to metrics identified in the current year's LCAP. ☒ Midyear expenditure and implementation data for actions identified in the current year's LCAP.	Met

C. Other	Met / Not Met / Partially Met
1. No commingling or personal use of charter funds is evident.	Met
2. Form 700s and Form 990s show no evidence of conflicts of interest violations or gifts of public funds.	N/A

BUDGET AND FINANCE SUMMARY

Areas of Strength and Progress

- The governing board regularly reviews and updates fiscal policies to align with current practices and statutory requirements.
- The school has established foundational fiscal systems, including procedures for disbursements and payroll that align with board-approved policies.

Recommendations for Further Growth and Improvement

Fiscal Stability and Sustainability

- The school is projecting a structural deficit and negative ending fund balance, with no reserves, and is relying on intraorganizational loans to meet financial obligations. It is recommended that the school develop and implement a comprehensive fiscal recovery plan to eliminate the deficit, restore reserves, and ensure long-term financial sustainability.
- The school should develop a strategic plan to increase enrollment and align expenditures with actual student enrollment and operational needs.
- Financial statements are not consistently reviewed by the governing board in accordance with board policy. It is recommended that the board ensure regular review and approval of financial reports at each board meeting.

Fiscal Policies and Procedures

It is recommended that the school update its fiscal policy to align with current regulatory requirements, including procedures for calculating and remitting use tax and ensuring consistency between policy and practice.

MAGNOLIA PUBLIC SCHOOLS

OCDE Oversight – Fiscal Executive Summary

Magnolia Science Academy – Orange County | 2025–26 Annual Oversight

BOARD TAKEAWAY **Core fiscal systems are largely in place; the primary issue is long-term sustainability driven by enrollment, structural deficit, and reserves.**

What OCDE Found Working

Budget & reporting	Required financial documentation submitted timely; budgeting and revisions are in place.
Cash flow & accounting	Cash-flow projections are updated; restricted/unrestricted activity is separately tracked.
Disbursements & payroll	Core controls, segregation of duties, vendor reporting, and payroll processes were met.
Debt & financial controls	Debt obligations are included in the budget and financial reports are reported as accurate.

Key Fiscal Priorities

RESERVES	**Not Met** — OCDE identified no prudent reserve for economic uncertainty.
FISCAL SUSTAINABILITY	**Partially Met** — Structural deficit / negative ending balance and reliance on intraorganizational loans require a recovery plan.
BOARD REVIEW	**Partially Met** — Financial statements should be reviewed consistently at Board meetings in accordance with policy.
POLICY ALIGNMENT	**Partially Met** — Update cash-receipt / fiscal policy language to align policy and current practice.

MANAGEMENT RESPONSE / NEXT STEPS **Enrollment growth • expenditure/staffing alignment • continued cash-flow monitoring • regular Board financial reporting • restoration of reserves**

Source: OCDE Annual Oversight Report 2025-26 – MSA-OC

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MAGNOLIA PUBLIC SCHOOLS

MSA-SAN DIEGO:

The following are excerpts from SDUSD's report.

OPERATIONS

Operations

The MSA San Diego enrollment and admission information is located on the school website at https://www.msasd.magnoliapublicschools.org/apps/pages/index.jsp?uREC_ID=286584&type=d&pREC_ID=539866 (last accessed on July 17, 2026), and includes an admission policy, an application in English and Spanish, and access to the Charter School Complaint Notice. At the time of the site visit, MSA San Diego had a waitlist for sixth and seventh grade.

The District received a Comprehensive School Safety Plan ("CSSP") for review. Meetings for public input were held on January 16, 2025. The MPS Board approved the CSSP on February 13, 2025. The CSSP meets all required compliance components. *The District requests that the safety plan be updated to include the new components required for the 2026-27 school year.* For more information on the development, contents, timeline, and updates for CSSPs, please refer to the CDE's website at (https://www.cde.ca.gov/ls/ss/vp/cssp.asp).

The MPS Board approved a revised Independent Study Policy and Master Agreement on October 10, 2024, which includes specific provisions for tiered reengagement, synchronous instruction, and live interaction for students participating in long-term independent study. While the policy permits independent study enrollment beyond 15 days, MSA San Diego had no students with more than 15 cumulative days of independent study at the time of the site visit. Independent study Master Agreements for the 2025-26 school year were reviewed for Magnolia. The Master Agreements showed for the parent/guardian, student, teacher, and a signature line available for other staff members as needed. Assignment and Work Records that matched the Master Agreement were made available to review as well.

The District reviewed the professional development ("PD") calendar and sessions offered by MSA San Diego for the 2025-26 academic year. The calendar highlights various PD training sessions throughout the academic year, including NWEA MAP training, English Language Development, and Special Education.

The District observed classrooms and common areas during its site visit on April 7, 2026. All classrooms had appropriate emergency exit routes clearly posted. On September 25, 2025 District staff visited and observed the Magnolia Public Schools home office at 250 E. 1st St., Suite 1500, Los Angeles, 90012.

District staff conducted an on-site review of personnel files during the site visit. The documentation demonstrated that MSA San Diego has a practice of adherence to compliance requirements, including Mandated Reporter and Title IX training, background clearance protocols, current tuberculosis vaccinations or risk assessments, and credential documentation.

ACADEMICS

Academics

Below are the 2023-24 and 2024-25 California Assessment of Student Performance and Progress (CAASPP) results for MSA San Diego.

School Year	ELA *% met/exceeded*	Mathematics *% met/exceeded*	Science *% met/exceeded*
2024-25	72.42%	60.09%	64.93%
2023-24	68.88%	60.32%	64.43%

Below are the performance levels (color) by subgroup on the 2025 California School Dashboard.

Magnolia Science Academy San Diego (San Diego, CA)
San Diego Unified

Reporting Year: 2025

This report displays the performance level (color) for each student group on all the state indicators.

Note: The English Learner Progress Indicator reflects data for the English learner and Long-Term English learner student groups only, information on other student groups will result in an N/A (or Not Applicable).

Student Group Report for 2025

Student Group	English Learner Progress	Chronic Absenteeism	Suspension Rate	Graduation Rate	English Language Arts	Mathematics	Science	College/Career
All Students	--	Yellow	Green	N/A	Blue	Green	Blue	N/A
English Learners	--	--	--	N/A	Blue	Green	--	N/A
Long-Term English Learners	--	--	--	N/A	--	--	--	N/A
Homeless	N/A	--	--	N/A	--	--	--	N/A
Socioeconomically Disadvantaged	N/A	Yellow	Orange	N/A	Blue	Green	Blue	N/A
Students with Disabilities	N/A	Yellow	Orange	N/A	Green	Yellow	--	N/A
Black or African American	N/A	--	--	N/A	--	--	--	N/A
Asian	N/A	Green	Blue	N/A	Blue	Green	--	N/A
Filipino	N/A	--	--	N/A	--	--	--	N/A
Hispanic or Latino	N/A	Yellow	Blue	N/A	Green	Yellow	Blue	N/A
Native Hawaiian or Pacific Islander	N/A	--	--	N/A	--	--	--	N/A
White	N/A	Yellow	Orange	N/A	Blue	Blue	Blue	N/A
Two or More Races	N/A	Orange	Orange	N/A	Blue	Green	--	N/A

For the 2025 Dashboard year, the CDE categorized MSA San Diego as "High Performing." The District notes that MSA San Diego has been categorized by CDE as "High Performing" for the past four Dashboard years. See CDE's website at https://www.cde.ca.gov/sp/ch/performcategory.asp for more information about charter performance categories.

According to the Teaching Assignment Monitoring Outcome ("TAMO") report for the 2023-24 school year, the most recent report available, MSA San Diego had 21.0 full time equivalent teachers ("FTE") and 90.4% of teachers had a clear and appropriate teaching credential. Below is a table summarizing MSA San Diego's TAMO report. See CDE's webpage for updated teacher equity definitions at https://www.cde.ca.gov/ds/ad/tamoinfo.asp.

School Year	Total Teaching FTE	Clear	Out-of-Field	Intern	Ineffective	Incomplete	Unknown
2023-24	21.0	90.4%	8.8%	0.0%	0.0%	0.8%	0.0%
2022-23	18.0	88.9%	11.1%	0.0%	0.0%	0.0%	0.0%

During the 2025-26 school year, approximately 99 students with disabilities were enrolled at MSA San Diego comprising 20.6% of the schoolwide enrollment. MSA San Diego is a member of the El Dorado County Charter Special Education Local Plan Area (SELPA) and uses its forms. MSA San Diego reported zero students placed in a nonpublic school setting at the time of the site visit.

MSA San Diego reported having 23 students with 504 plans in the 2024-25 school year and 37 in the 2025-26 school year. The District inquired about the increase in the number of 504 plans and the administration informed District staff that the majority of new 504 plans were student transfers into Magnolia this school year. The school submitted 504 documents on MSA San Diego specific forms that included updated information for students, including the Accommodation Plans and meeting notes. Forms were signed by the 504 Coordinator, parent/guardian, student, administrator, and a general education teacher.

The table below summarizes MSA San Diego's English Learner ("EL") enrollment, including Long-Term English Learners ("LTEL") and Reclassified Fluent English Proficient ("RFEP") for the past three school years.

School Year	English Learners				EL Total	RFEP	Total (Ever-EL)
	EL 0-3 years	At-Risk 4-5 years	LTEL 6+ years	EL 4+ Years Not at risk or LTEL			
2025-26	0	0	4	3	7	68	75
2024-25	0	0	7	5	12	73	85
2023-24	2	1	6	10	19	73	92

The District reviewed MSA San Diego's English Language Development ("ELD") program during its site visit. MSA San Diego reported that all EL students receive designated ELD and the school uses the StudySync curriculum to support the program. At the time of the site visit, MSA San Diego reported less than 21 English Learner students and therefore did not require maintaining an English Language Advisory Committee. The District will continue to monitor MSA San Diego's designated ELD program to ensure all EL students are participating in protected time during the regular school day that is focused on ELD standards.

GOVERNANCE

Governance

MPS is the governing board for MSA San Diego. Board meetings are conducted in person at the MPS central office at 250 E. 1st Street, Suite 1500, Los Angeles, CA 90012 or at various MPS school sites in Los Angeles. Meetings are generally held monthly. MPS has four committees (Audit/Facilities, Finance, Academic, and Educational Partners) that meet throughout the academic year. Meeting agendas, recordings, and minutes can be accessed from the MSA San Diego website via BoardOnTrack at https://app2.boardontrack.com/public/CtXXyH/home.

The meeting calendar included the following dates for 2025-26.

July 10, 2025	January 24, 2026 (& Board Retreat)
August 7, 2025	February 12, 2026
September 11, 2025	March 12, 2026
October 9, 2025	April 9, 2026
November 13, 2025	May 21, 2026
December 11, 2025	

The 2025-26 Magnolia Board Roster is composed of six members, including a designated San Diego representative, and one student representative.

Name	Position	Term	Email Addresses
Mekan Muhammedov	Board Chair	April 2025 - April 2030	mekan@magnoliapublicschools.org
Sandra Covarrubias	Vice Chair	August 2022 - August 2027	scovarrubias@magnoliapublicschools.org
Umit Yapanel, Ph.D.	Member	October 2022 - October 2027	uyapanel@magnoliapublicschools.org
Salih Dikbas, Ph.D.	SD Member	December 2024 - December 2029	sdikbas@magnoliapublicschools.org
Diane Gonzalez	Member	December 2024 - December 2029	drgonzalez@magnoliapublicschools.org
Serdar Orazov	Member	October 2025 - October 2030	sorazov@magnoliapublicschools.org
Sofia Perez	Student Member	*Not listed*	*Not listed*

The Magnolia website provides information for the public to contact any MPS Board member directly through individual email addresses at https://www.magnoliapublicschools.org/apps/pages/index.jsp?uREC_ID=291746&type=d.

The District observed a MPS board meeting via the posted zoom link on October 9, 2025. All meeting notices and information were publicly available in accordance with the Brown Act. The District notes that the meeting started hour after the posted time due to lack of in-person quorum. At the meeting, the MPS Board of Directors approved the nomination of a new board member, discussed the organization's strategic plan, and enrollment among other items.

Statement of Economic Interest (Form 700) documents were reviewed and demonstrated that MPS has a practice of submitting this information on an annual basis. Where applicable, schedules identifying real property, income, loans, etc. were attached.

The Uniform Complaint Policy ("UCP") for MSA San Diego can be located on its website under the "About Us" and "Accountability" tabs. The UCP is available in English and Spanish. The MPS Board approved the UCP on July 10, 2025, and it contains all procedures on how to file a complaint regarding protected programs and the appeals process.

MSA San Diego's Homeless Education Policy is located on its website under the "Parents" and "Homelessness and Foster Youth Resources" tabs. The webpage includes a description of rights for students experiencing homelessness and contact information for MSA San Diego's Homeless Liaison. MSA San Diego provided evidence of a housing questionnaire.

MSA San Diego's 2025-26 Local Control Accountability Plan ("LCAP") can be accessed on its website under the "About Us" and "Accountability" tabs. The MPS Board held an LCAP public hearing on June 26, 2025 and approved the LCAP at the same meeting. The District recommends that the public hearing and approval of the LCAP occur at separate meetings to ensure that input received during the public hearing can be fully considered before final LCAP approval. The LCAP was approved alongside a presentation of the Local Indicators. The goals in the 2025-26 LCAP are below:

- Goal #1: BASIC SERVICES FOR A HIGH-QUALITY LEARNING ENVIRONMENT: All students and staff will have access to a safe, secure, healthy, and high-quality learning and working environment. Students will receive high-quality services that are fundamental to academic success, including fully credentialed teachers, standards-aligned instructional materials, and appropriately maintained school facilities.
- Goal #2: EXCELLENCE: Under our first core pillar of Excellence, all students will have equitable access to a high-quality core curricular and instructional program and make academic progress in alignment with California content standards (CCSS, NGSS, etc.) through our data-driven, differentiated and engaging learning program. Students will develop competencies aligned with our "Portrait of a

Graduate," including Literacy with a Learner's Mindset and Critical Thinking skills as they pursue academic excellence.
- Goal #3: INNOVATION: All students will have access to a well-rounded, 21st century education that supports their readiness for college and the global world under our second core pillar of Innovation. Each student will become an independent, innovative scholar by practicing Creativity and Adaptability in their learning, using technology and data-driven online learning, and demonstrating high-quality learning outcomes in myriad ways.
- Goal #4: CONNECTION: All students, families, staff, and other educational partners will experience our third core pillar, Connection, and have access to meaningful engagement opportunities that help cultivate Effective Communication and Global Citizenship in a safe and nurturing environment. Educational partners will feel a sense of community and connectedness.

The MPS Board reviewed the mid-year LCAP report on February 12, 2026. The mid-year LCAP report contained all available mid-year outcome data related to metrics in the 2025-26 LCAP, and mid-year expenditure and implementation data on all actions identified in the 2025-26 LCAP.

MAGNOLIA PUBLIC SCHOOLS

FINANCE

Part 1: Financial Overview

This section summarizes the school's financial condition for the fiscal year, including key indicators of fiscal health, overall operating results, and an assessment of financial stability and compliance.

Financial Health Snapshot Comparative tables presenting financial position and operating results for the current and prior fiscal years, highlighting year-over-year changes in financial performance, enrollment, and ADA (Average Daily Attendance).

FINANCIAL POSITION	FY25-26 as of 1/31/26	FY24-25 Actuals
Total Assets	2,915,416	8,125,818
Current Assets	2,247,267	2,506,264
Total Liabilities	1,742,614	6,347,635
Current Liabilities	1,652,011	1,638,304
Net Asset Position	1,172,802	1,778,183

FINANCIAL ACTIVITIES	FY25-26 as of 2nd Interim	FY24-25 Actuals
Revenues and Support	7,698,221	6,783,800
Expenses	7,253,330	6,610,159
Surplus/(Deficit)	444,891	173,641
Beginning Balance	1,778,181	1,604,540
Ending Fund Balance	2,223,072	1,778,181

CASH POSITION	FY25-26 as of 1/31/26	FY24-25 Actuals
Total Cash	1,293,291	1,068,072
Days Cash on Hand	65	59
Cash Reserves	18%	16%

ENROLLMENT AND ADA	FY25-26 Projected	FY24-25 P2
Enrollment	481	464
ADA	461	436
ADA Rate	96%	94%

Financial Stability and Sustainability This section summarizes the school's current financial position at the time of the site visit. Detailed analysis, supporting figures, and observations are provided below:

Indicator	FY 2025-26 as of 2nd Interim	FY 2024-25 Actuals
Net Operating Surplus: Operating revenues are projected to be greater than operating expenses in the fiscal year.	Met	Met
Positive Ending Fund Balance: Assets are projected to be greater than liabilities at the end of the fiscal year.	Met	Met
Adequate Reserve for Economic Uncertainty: The ending fund balance is projected to be at least 3% of expenditures or $50,000, whichever is greater.	Met	Met
Current Ratio: Current assets exceeded current liabilities.	Met	Met
Solvency: Available cash is sufficient to satisfy current liabilities	See Below	Not Met
Days Cash: The days cash on hand indicates how many days a school can pay its expenses without another inflow of cash. (Recommended minimum: 30 days)	Met	Met
Cash Reserve: The percentage of total annual operating expenditures held in reserves (Recommended minimum: 5% of total annual operating expenditures)	Met	Met

Operating Position and Reserves
Based on the 2025–26 Second Interim Report, Magnolia is projected to meet most of the District's financial stability and sustainability criteria, except for solvency. As of January 31, 2026, Magnolia reported available cash of $1,293,291 compared to current liabilities of $1,652,011, resulting in a cash shortfall of approximately $358,720.

However, when accounts receivable of $755,786 are taken into account, total current assets are sufficient to fully cover current liabilities. This indicates that while cash liquidity is temporarily constrained at the reporting date, overall short-term resources are adequate to meet obligations as receivables are collected.

Audit Results
The audit 2024-25 audit identified one finding related to Attendance Reporting. Magnolia Science Academy San Diego inaccurately reported Average Daily Attendance (ADA) on its Annual Period Report due to misclassification of classroom-based and nonclassroom-based attendance. Specifically, classroom-based ADA was overstated by 1.20 ADA, and nonclassroom-based ADA was understated by the same amount.

The error resulted from incorrect categorization during the annual reporting process. Although the misstatement did not result in questioned costs, it reflects a significant deficiency in internal controls and noncompliance with California Education Code Section 47612.5 requiring accurate ADA reporting and reconciliation to supporting records.

The school acknowledged the issue, agreed with the findings, and indicated it has begun implementing corrective actions, including strengthening internal controls and staff training to improve accuracy in future reporting.

Part 2: Financial Management Practices

This section assesses the charter school's internal control systems, budget development and monitoring processes, board oversight and governance practices, transparency compliance, and safeguards over public resources.

Practice / Standard	Status
Chart of Accounts and Restricted Funding: Chart of Accounts corresponds to appropriate Standardized Account Code Structure (SACS) compliant object and resource codes, as per Procedure 810, Charter Schools of the California School Accounting Manual (CSAM). Restricted funds are accounted for separately and expenditures are limited to those allowed by grantors.	Met
Accounting System: Accounting system utilizes a SACS-compliant Chart of Accounts. Tracks unrestricted and restricted resources to meet various specialized reporting requirements and categorical activities. Provides data necessary for accurate completion of reports required by Education Code section 47604.33(a) (3-5), including First Interim, Second Interim, and Unaudited Actuals Financial Report Alternative Form.	Met
Safeguarding of Assets: The Fiscal Control Policy includes internal control procedures to protect assets and prevent misuse of charter school funds. Method of Verification: Review of credit card statements, debit card activity, bank statements, and general ledger entries to identify transactions inconsistent with the Fiscal Control Policy of indicative of asset misuse.	Met
Liabilities: Loans, debts, and outstanding obligations are properly accounted for and paid in a timely manner, as required by legal agreements. Loans are not with related entities or employees.	Met
Budget Development: Staff, management, and governing board are involved in the charter school's budget development.	Met
Board Oversight: Management and the governing board regularly review the budget against actual revenue and expenditures and make necessary adjustments as new information becomes available. Governing body approval of all contracts over the threshold.	Met
Adjusted Budgets: The current fiscal year's operating budget is updated for new revenue received and new expenses incurred.	Met
Conflict of Interest Disclosures: Form 700 Statements of Economic Interests are filed annually by required board members and designated staff; related-party transactions are disclosed.	Rick
LCFF and LCAP Transparency: The school maintains a current LCFF Budget Overview for Parents and aligns financial decisions with its Local Control and Accountability Plan (LCAP).	Rick
Submission of Financial Reports: The charter school submitted its required financial reports established in Education Code section 47604.33.	Met
Education Protection Account (EPA) Reporting: Annual EPA receipts and expenditures are published on the school's website, as required by Article XIII, Section 36, Subdivision (e), Paragraph (6) of the California Constitution.	Met
Other Observations: As applicable.	See Below

Third-Party Accounting Services
Magnolia contracts with Delta Managed Solutions for accounting and financial reporting services.

CMO Fee Calculation
District staff inquired about the CMO fee calculation methodology. School leadership indicated that, effective December, a revised calculation method was implemented, establishing a maximum management fee of 15% of LCFF revenues. Under the updated structure, the applicable fee rate is determined based on each school's approved budget, with the current rate for the San Diego site set at 15%. Leadership further noted that the school is considered a top priority and that fee rates may be revisited if a school experiences financial difficulty

Reimbursement Process
Employee reimbursements require pre-approval from the site principal prior to incurring expenses. Approved reimbursement requests are submitted through the NetSuite system. Reimbursements are required to be submitted within 60 days of the expense date.

Prop 39 - Return of Funds
District staff inquired about the status of approximately $230,000 in Prop 39 funds due to the California Department of Education (CDE). School leadership indicated that the CDE has contacted the school regarding the balance; however, no formal instructions for repayment have been provided and no invoice has been issued to date.

Bank Reconciliation
During the review of operating bank reconciliation as of December 31, 2025, three outstanding checks were identified as remaining uncleared for more than six months. School leadership indicated that the delay in voiding these checks was due to additional research and follow-up with vendors to confirm receipt or determine whether reissuance was required. Leadership further noted that this review process is intended to prevent

duplicate payments to vendors. If the checks remain unclaimed, the related funds will be remitted to the California State Controller's Office in accordance with applicable unclaimed property requirements.

Part 3: Recommendations
This section outlines key recommendations designed to strengthen financial management practices and ensure compliance with applicable requirements.

Category	Recommended Action
Bank Reconciliation	Review and resolve outstanding checks in a timely manner, particularly those remaining uncleared for more than six months, and document follow-up procedures to ensure reconciling items are appropriately addressed.

Charter School's Response (Optional):

Based on the 2025–26 Second Interim Report, Magnolia is projected to meet the District's financial stability and sustainability criteria, with a temporary liquidity constraint noted as of January 31, 2026. When accounts receivable are considered, total current assets are sufficient to cover current liabilities, indicating that the cash position reflects a timing difference in the collection of receivables rather than an overall solvency concern."

This clarification would more accurately distinguish between **liquidity**, which relates to the timing and availability of cash to meet short-term obligations, and **solvency**, which generally reflects the organization's broader ability to meet its financial obligations.

Impact:

Authorizers typically provide the school with a report after their visit to delineate the school's areas of strength and areas for improvement as well as areas of compliance and non-compliance, if applicable. The school leadership and the Home Office teams review those reports very carefully. It is critically important to have positive oversight reports from our authorizers and to act on their feedback for continuous improvement of our schools and systems. The Home Office will continue to provide the board with any oversight report and feedback from the authorizers' visits.

Budget Implications:

N/A

Committee Recommendations:

N/A

Exhibits:

1. Oversight Visit Report for MSA-OC
2. Fiscal Executive Summary of the OCDE Report by the Finance Dept.
3. Oversight Visit Report for MSA-San Diego

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STEFAN BEAN, Ed.D.
County Superintendent of Schools

ORANGE COUNTY BOARD OF EDUCATION
MARI BARKE
TIM SHAW
LISA SPARKS, Ph.D.
JORGE VALDES, Esq.
KEN L. WILLIAMS, D.O.

May 4, 2026

Via electronic mail to: gserce@magnoliapublicschools.org

Gokhan Serce, Chief Academic Officer
Magnolia Science Academy – Orange County
412 W. Carl Karcher Way, Anaheim, CA 92801
1891 Kellogg Dr., Anaheim, CA 92807

Re: Magnolia Science Academy – Orange County Annual Oversight Report 2025-2026

Dear Chief Academic Officer Serce:

As part of our continuing efforts to support the success of charter schools, the Orange County Department of Education's Charter Schools Unit annually conducts at least one school site visit for charter schools authorized by the Orange County Board of Education under its oversight duties articulated in California Education Code Section 47604.32.

Please extend to your governing board, administration, teachers, and school site staff our appreciation for their professionalism in helping us meet the oversight requirements of the Charter Schools Act. The attached report presents recommendations and a summary of the annual oversight activities for Magnolia Science Academy – Orange County – Anaheim and Placentia Yorba Linda, including the site visits on October 7, 2026, and October 21, 2026.

If we can provide further information or you have any questions, please get in touch with us at rcarrillo@ocde.us or (714) 966-4287.

Sincerely,

Rachel Carrillo

Rachel Carrillo
Coordinator, Charter Schools

Enclosure: Annual Oversight Report 2025-2026

c: Stefan Bean, Ed.D., County Superintendent, Orange County Department of Education
Renee Hendrick, Deputy Superintendent, Orange County Department of Education
Aracely Chastain, Executive Director, Orange County Department of Education
Teresa H. Johnson, Administrator, Orange County Department of Education

Charter School Annual Oversight Report
2025-26

School: Magnolia Science Academy – Orange County

Current Grade Levels: TK-6th

Location(s): 412 W. Carl Karcher Way, Anaheim, CA 92801;
1891 Kellogg Dr., Anaheim, CA 92807 (Placentia-Yorba Linda USD)

Assigned Coordinator: Rachel Carrillo

Annual Oversight Review Team

Name/Title	Assignment
Rachel Carrillo, Coordinator, Charter Schools	Governance & Operations
Zachary Pettitt, Coordinator, STEM	Educational Program
Sandra Preciado, Manager, GLAD National Training Center & Multilingual Academic Services	English Language Development
Amber Fleming-Morales, Coordinator, Literacy & Language	English Language Development
Chris Romanosky, Director, Special Education - Connections	Special Education
Anna Day, Administrator, Charter Schools, Fiscal Oversight	Fiscal Oversight
Donna Mantei, Manager, Credential Services	Teacher Credentials & Assignments
Diego Flores, Assistant Manager, Facilities M&O	Facilities

Charter School Leadership Team

Name	Assignment/Title
Gokhan Serce	Chief Academic Officer
Maria Rowell, Ed.D.	Founding Principal
Cobi Luciani	Assistant Principal
Liz Schulz	Special Education Director
Sophia Langenwalter	Education Specialist
Angel El Chico	School Psychologist
Katie Mann	English Learner Coordinator
Tracy Lu	Senior Education Services
Crystal Zubalva	Special Programs Coordinator
Mayha Minley	STEM Director
David Yilmaz	Chief Accountability Officer
Jennifer Hook	Accountability Operations Manager

School Site Visits

Date	Reason for Visit	OCDE Staff Name/Title
08/14/2025	Pre- Opening Facility Inspection - PYL	Rachel Carrillo, Coordinator
07/28/2025	Pre- Opening Facility Inspection - Anaheim	Rachel Carrillo, Coordinator
10/07/2025	Oversight Visit - Anaheim	Rachel Carrillo, Coordinator Zachary Pettitt, Coordinator
10/16/2025	Oversight Visit – Special Education Review	Rachel Carrillo, Coordinator Chris Romanosky, Director
10/21/2025	Oversight Visit – Placentia Yorba Linda	Rachel Carrillo, Coordinator Zachary Pettit, Coordinator Amber Fleming-Morales, Coordinator
11/13/2025	Board Meeting Observance	Rachel Carrillo, Coordinator
03/03/2026	Oversight Visit – EL Program Review	Rachel Carrillo, Coordinator Sandra Preciado, Manager

Educational Program Description

(Taken from charter petition)
Magnolia Science Academy-Orange County will be a classroom-based countywide benefit charter school serving students in grades TK–12 across multiple locations in Orange County, with a curriculum emphasis on science, technology, engineering, arts, and math ("STEAM").

MSA-OC's mission is to providea college preparatory educational program emphasizing STEAM in a safe environment that cultivates respect for self and others. Replicating the successful TK-12, college preparatory program already in place at Magnolia Science Academy-Santa Ana ("MSA-SA") and nine other Magnolia sister schools across Southern California, MSA-OC will offer a comprehensive learning experience designed to serve the specific needs of our students through effective site-based instruction along with "whole child" engagement and psycho-social support.

Classroom instruction at MSA-OC will be supplemented by tutoring, before- and after-school programs, community partnerships, school-to-university links and a strong home-school connection, as detailed fully throughout this charter petition. MSA-OC will be operated by Magnolia Educational & Research Foundation, *dba* Magnolia Public Schools, a non-profit public benefit corporation dedicated to establishing and managing high-quality public charter schools in California.

MPS' vision is that graduates of Magnolia Public Schools commit to building a more peaceful and inclusive global society by transforming traditional ideas with *creative thinking*, *effective communication*, and the *rigor of science*. MPS' educational approach is based on the conviction that STEAM education is essential to improving our modern society's knowledge base and adaptability to the fast pace of ever-changing technological advancements.

ACADEMIC DATA

Student Achievement Data

School-Administered Alternative Data: Yes

Assessment Platform Used: NWEA Maps

Verified data standard met: ☒ Yes ☐ No

School in differentiated assistance: ☐ Yes ☒ No

Magnolia Science Academy is in its first year of operation; therefore, no academic performance data is available for the 2025-2026 school year.

COMPLIANCE DATA

Notices of Concern/Corrective Action - Charter Term 2025-2030

Notice(s) of Concern or Corrective Action issued in the current charter term and summary of the school's response(s).

Date	Concern/Corrective Action	School Response
N/A	None	N/A

II. ACADEMICS AND INSTRUCTION

(* Indicates information gathered during the oversight visit.)

A. Pupil Achievement

Met / Not Met / Partially Met

a. California Assessment of Student Performance and Progress

1. All numerically significant subgroups demonstrate growth in CAASPP ELA performance.	Data unavailable
2. All numerically significant subgroups demonstrate growth in CAASPP Mathematics performance.	Data unavailable
3. The schoolwide percentage of students who Met and Exceeded Standards in grades 3–8 and 11 on the CAASPP in English Language Arts is at or above the state average.	Data unavailable
4. The schoolwide percentage of students who Met and Exceeded Standards in grades 3–8 and 11 on the CAASPP in Mathematics is at or above the state average.	Data unavailable

b. California Science Test

Met / Not Met / Partially Met

1. All numerically significant subgroups demonstrated growth in CAST performance.	Data unavailable
2. The schoolwide percentage of students who Met or Exceeded CAST Standards in grades 5, 8 and 11 is at or above the state average.	Data unavailable

c. California Dashboard

Met/ Not Met/ Partially Met

1. The school demonstrated on the California Dashboard the highest performance levels (Blue/Green) on the following state indicators for two consecutive years: ☐ English Language Arts and Mathematics Assessments (CAASPP) ☐ English Language Proficiency Assessments for California (ELPAC) ☐ Chronic absenteeism (K-8) ☐ High School graduation rate ☐ Suspension rate ☐ College and Career Readiness (11th grade)	Data unavailable
2. The school performed at or above the state average for the majority of statistically significant subgroups (English learners, socioeconomically disadvantaged pupils, foster youth, homeless youth, students with disabilities, and racial/ethnic groups).	Data unavailable
3. The school met all local indicators.	Data unavailable

d. Services for Students with Disabilities	Met / Not Met / Partially Met
1. The school implements, monitors and modifies, as appropriate, a comprehensive Special Education Annual Plan that demonstrates an understanding of and compliance with all laws related to identifying and educating students with disabilities.*	Met
2. The school complies with timelines related to special education, including legal requirements for scheduling and conducting IEPs and the school has a process for determining a student's eligibility for services under section 504 of the Rehabilitation Act of 1973 and implements accommodation plans.*	Met
3. General education teachers who serve special needs students have access to those students' IEPs.*	Met
4. Pupil records include pertinent data regarding court documents, IEPs, 504 plans and assessment records and evidence of participation in special education programs, including required tests, case studies, authorizations and actions necessary to establish eligibility for admission or discharge.*	Met
5. The school understands and carries out its Child Find obligation for all students enrolled in the school.*	Met
6. The school consistently follows its discipline policy regarding students with disabilities, including conducting manifestation determinations.*	Met
7. The school has developed a means to track students' progress with disabilities aside from standardized state tests (e.g., progress on goals of the IEP, degree of inclusion in the general education classroom, student retention and graduation).*	Met

e. Services to Students Who Are English Learners	Met / Not Met / Partially Met
1. The school evaluates the effectiveness of its EL program regularly and a qualified staff member is designated to oversee and coordinate the EL program.*	Met
2. The school's Master Plan for English Learners includes EL identification, designated and integrated English Language Development instruction, progress monitoring, assessment, and reclassification and the school follows its plan.*	Partially Met
3. The school uses instructional practices, curricula and materials that address the specific needs of English learners.*	Partially Met
4. Students identified as ELs can participate meaningfully and equitably in the school's curriculum and activities (e.g., designated/integrated time does not conflict with enrichment time and access to grade-level core instructional curricula).*	Partially Met
5. The school monitors the academic progress of former ELL students for four years to ensure the students can progress at an appropriate pace in the regular instructional program.*	N/A
6. The school actively engages, recruits and encourages enrollment of EL and Limited English Proficiency students and families through ELAC, school materials and	Met

websites available in other languages and by providing translators at school events, such as open houses.	

B. Instructional Program

a. Curriculum, Instruction and Implementation of Standards	Met / Not Met / Partially Met
1. All students have available and use state standards-based instructional materials.*	Partially Met
2. The school has implemented standards-based instruction per state academic content standards, including California Common Core State Standards, California English Language Development Standards and Next Generation Science Standards.*	Partially Met
3. The school implements differentiation, intervention, and other instructional strategies and approaches described in the charter petition designed to meet all students' learning needs, including subgroups, and those achieving significantly above or below grade level.*	Partially Met
4. The school offers opportunities for students to become college and career-ready (e.g., Career Technical Education, Advanced Placement Exams, International Baccalaureate Exams, College Credit Courses, A-G Courses, State Seal of Biliteracy, Military Science/Leadership)	N/A
5. The school disaggregates and analyzes data regularly to address individual student needs.*	Met
6. The school uses summative data for English learners to guide curriculum and instruction.*	Partially Met
7. Pupil achievement data is reported regularly to the school's governing board, parents and staff.*	Met
8. Parents are informed about the transferability of courses to other public high schools and the eligibility of courses to meet college entrance requirements, including A-G requirements.	N/A

b. Staffing and Professional Development	
1. The school has implemented a data-driven professional development plan for teachers and other staff that supports instructional practices, targets identified needs and aligns with the education program outlined in the charter petition.*	Met
2. The school provides opportunities for teachers to collaborate regularly to plan and improve curriculum and instruction.*	Met
3. The school has an evaluation system for school staff.*	Met
4. All certificated staff is fully credentialed as required by the California Commission on Teacher Credentialing; have the qualifications required by the federal Every Student Succeeds Act; have a certificate of clearance; and satisfy the requirements for professional fitness under Education Code sections 44339, 44340 and 44341.	Met

ACADEMICS AND INSTRUCTION SUMMARY

Areas of Strength and Progress

- As a first-year school, Magnolia Science Academy–Orange County (MSA-OC) has established foundational systems to support instruction, student services, and program implementation.
- The school has implemented schoolwide systems to support student engagement and school climate, including a Positive Behavioral Interventions and Supports (PBIS) framework and proactive attendance strategie.
- The school provides ongoing professional development and instructional coaching to support staff development and instructional practices.

Recommendations for Further Growth and Improvement

- As the school continues to implement its instructional program, it is recommended that the school establish consistent systems to ensure full alignment of curriculum, instruction, and assessment to state standards across all grade levels.
- English Learner program implementation is currently inconsistent. It is recommended that the school strengthen its English Learner program by establishing clear structures for designated English Language Development, instructional supports, and progress monitoring to ensure equitable access to grade-level content.
- It is recommended that the school establish structured collaboration time for general education teachers, special education staff, and English learner staff to support coordinated planning and service delivery for all students, including those who are dually identified.
- The school should implement a comprehensive professional development plan focused on building staff capacity in serving English learners and ensuring consistent instructional practices across classrooms.
- It is recommended that the school develop and implement a strategic enrollment plan to support long-term program sustainability across both sites.

III. GOVERNANCE AND OPERATIONS

A. Governance **a. Structure and Accountability**	**Met / Not Met / Partially Met**
1. The governing board complies with all applicable laws and regulations according to the board bylaws, the Brown Act, open meeting requirements, the charter petition, and the Agreement with the authorizer.	Met
2. The governing board is free of actual or perceived conflicts of interest.	Met
3. Vacancies are filled promptly and per the bylaws.	Met
4. The governing board has resolutions, board-adopted policies, and systems to ensure that the school provides adequate due process per applicable law and the charter petition to protect the rights of students, employees, parents and the public.	Met
5. The school leadership consistently provides information on school performance and achievement, and consults with the governing board to cultivate shared	Met

accountability, and the board regularly monitors internal data to inform decision making.	
6. The governing board receives annual Brown Act, Ethics, and Political Fair Practices training.	Met
7. The school is transparent regarding actual and potential liabilities and provides timely information to the authorizer and school governing board.	Met
8. The governing board has a system to ensure fiscal viability, including reviewing and approving budget reports and financial statements and knowledge of the school's short- and long-term financial outlook.	Met
9. The governing board evaluates school leadership.	Met

b. Board Meeting Review Meeting Date: 11/13/2025	**Met / Not Met / Partially Met**
1. The agenda for the current meeting is posted in plain view in a prominent place on campus.	Met
2. The agenda was posted at least 72 hours before a regular meeting and at least 24 hours before a special board meeting.	Met
3. The agenda contains a brief general description of each item of business to be discussed or voted on during the meeting.	Met
4. Documents are made available for public inspection at the same time as distributed to a majority of the board.	Met
5. A quorum of board members is present within the boundaries of the district/county where the school operates.	Met
6. The agenda identifies the location of each board member attending the meeting remotely.	Met
7. The meeting is called to order, and a roll call of board members is performed.	Met
8. If one or more board members are not physically present, voting for all action items utilizes a roll call vote.	Met
9. The board did not discuss or vote on non-agendized items.	Met
10. The board has protocols for hearing public comments and listens to the words without comment.	Met
11. The topic(s) scheduled for the closed session were related to one of the following and included a brief description of each item: ☐ *License/Permit Determination* (specify the number of applicants) ☐ *Conference with Real Property Negotiators* (specify street address of the real property under negotiation; specify names of agency negotiators attending the closed session; specify names of negotiating parties (not agent); specify whether the instruction to negotiator will concern price, terms of payment, or both) ☒ *Conference with Legal Counsel* • Significant exposure to litigation (specifies the number of potential cases)	Met

• Existing litigation (specify the name of the case by reference to claimant's name, names of parties, case or claim numbers, or if case name is specified, specify whether disclosure would jeopardize service of process or existing settlement negotiations) • Initiation of litigation (specify the number of potential cases) ☐ *Liability Claims* (specify the name of the claimant unless unspecified; specify the name of the agency claimed against) ☐ *Threat to Public Services or Facilities* (specify name of law enforcement agency and title of officer or name of applicable agency representative and title ☐ *Public Employee Appointment* or *Public Employment* (specify a description of the position to be filled) ☐ *Public Employee Performance Evaluation* (Title: specify position title of employee being reviewed) ☒ *Public Employee Discipline/Dismissal/Release* (No additional information is required; includes potential reduction of compensation) ☐ *Conference with Labor Negotiators* (specify names of designated representatives attending the closed session; specify the name of the organization representing the employee; specify position title of unrepresented employee who is the subject of the negotiations) ☐ Other (case review/planning, trade secret, hearings, etc.)	
12. The board reported decisions made and votes taken after the closed session.	Met

B. Operations

a. Organizational Management	**Met / Not Met / Partially Met**
1. The school promptly responds to all reasonable inquiries from the authorizer.	Met
2. The school files all returns and required paperwork timely to maintain nonprofit status.	Met
3. The school annually files Form 990, and all management and board members file Form 700s on time.	Met
4. The school has personnel policies that cover issues such as sick leave, overtime, etc.	Met
b. Admissions, Enrollment and Pupil Records	**Met / Not Met / Partially Met**
1. Mandatory Permanent Pupil Records include*: ☒ Legal name, sex and place of birth of pupil ☒ Date of birth and method of verification ☒ Name and address of the parent, residence of the pupil, and method of verification ☒ Verification of or exemption from required immunizations	Met
2. Mandatory Interim Pupil Records include*	Met

☒ Pertinent data regarding court documents, IEPs, 504 plans, and assessment records. ☒ A log or record identifying those persons (except authorized school personnel) requesting, viewing, or receiving information from the record.	
3. The school securely stores student cumulative files, records, reports and documents.*	Met
4. The school's application and lottery processes are in alignment with the approved charter petition and current law.	Met

c. Health and Safety	**Met / Not Met / Partially Met**
1. School facilities are clean, maintained, and provide a safe learning environment.*	Met
2. The school staff is trained and conducts emergency drills and maintains onsite emergency supplies to ensure it is able and prepared to implement its emergency procedures in the event of a natural disaster or emergency.*	Met
3. Facilities are sufficient to accommodate estimated student enrollment and to carry out the curricular and instruction program envisioned in the charter petition.*	Met
4. The school has a comprehensive visitors' policy that is visible in the main office.*	Met
5. The facilities are situated to minimize student contact with adults who do not have appropriate clearances as required by Education Code section 44237 and have proper security (e.g., fencing, adequate lighting, alarms, etc.).*	Met
6. The school conducts criminal background checks for all employees and volunteers who perform school site services, and tuberculosis (TB) risk assessments/clearances for all employees and volunteers with frequent or prolonged contact with students.*	Met
7. The charter school has acquired all necessary school facility permits, inspections, and leases.	Met
8. The school complies with required annual notices and website postings under current law.	Met
9. The school maintains insurance coverage, as delineated in the Agreement.	Met
10. By March 1, annually, the school reviews and updates its comprehensive health, safety, disaster preparedness, and emergency plans in compliance with law.	Met
11. School employees are trained in blood-borne pathogens, child abuse reporting, staff and student relationships, opioid antagonist, EpiPen administration, sexual harassment, suicide prevention, and workplace violence prevention.	Met

GOVERNANCE AND OPERATIONS SUMMARY

Areas of Strength and Progress

- The governing board demonstrates compliance with applicable laws and maintains systems for oversight of school operations and fiscal management.
- The school maintains clean, safe facilities and demonstrates responsiveness to authorizer requests and operational requirements.

- The governing board participates in ongoing training and engages in oversight of school performance and financial condition.

IV. BUDGET AND FINANCE

A. Policies and Accounting	Met / Not Met / Partially Met
a. Attendance	
1. The staff person primarily responsible for attendance reporting is trained in CALPADS and attendance software.	Met
2. There are approved board policies that address student attendance, including short-term independent study.	Met
3. There is a board-approved charter school calendar and class (bell) schedule.	Met
4. The charter school has a process to monitor and ensure compliance with the requirements for minimum instructional minutes, and there is an assigned individual to monitor compliance.	Met
5. There are at least 175 instructional days unless reduced by statute or law due to extraordinary circumstances.	Met
6. The charter school maintains class lists that include all students.	Met
7. Absences are excluded from the apportionment days.	Met
8. Attendance records are maintained for audit.	Met
9. There is a process to compile schoolwide ADA.	Met
10. Projected enrollment and ADA are realistic.	Met
b. Independent Study (if applicable)	**Met / Not Met / Partially Met**
1. Certificated teachers evaluate pupil work product for time value for apportionment purposes. [EC 51747.5(b), 5 CCR 11700(v)(2) and (l), 5 CCR 11703(b)(4)]	Met
2. The charter school's ratio of ADA to full-time equivalent (FTE) certificated employees is equal to or less than 25-to-1 OR the ratio of pupils to FTE certificated employees for all other educational programs operated by the largest unified school district, as measured by ADA as reported at the second principal apportionment in the prior year, in the county or counties where the charter school operates.	Met
3. The charter school has written policies related to independent study that indicate compliance with Education Code section 51747.	Met
4. The charter school has records demonstrating adherence to Education Code section 51747 policies.	Met
c. Cash Receipts	**Met / Not Met / Partially Met**

1. There are approved policies and procedures regarding cash receipts.	Partially Met
2. Receipts are issued for all cash, cashier's checks, and money orders received. ☒ Receipts are prenumbered/sequentially generated. ☒ Receipts are reconciled to the deposit.	Met
3. An audit trail is maintained to ensure the deposit of all monies.	Met
4. Cash is stored securely, and deposits are made promptly.	Met
5. At least two employees count cash, and the employees sign documentation.	Met
6. Duties are segregated for receipt of monies, deposit of funds, and reconciliation of bank statements.	Met

d. Disbursements	**Met / Not Met / Partially Met**
1. There are approved policies regarding disbursements that include: ☒ An original invoice from the vendor. ☒ A receiving document. ☒ Appropriate preapproval of the purchase	Met
2. Encumbrances are recorded, tracked, and relieved as appropriate.	Met
3. Authorized employees sign checks, which require two signatures.	Met
4. Actual signatures are used.	Met
5. There are approved policies regarding using credit cards issued under the school's name.	Met
6. The charter school has a method to calculate and pay use tax for online purchases.	Met
7. There is a system to maintain vendor payment information to prepare 1099s.	Met
8. There are approved policies and procedures for segregating duties among purchasing, receiving, and accounts payable.	Met
9. The governing board approves/ratifies disbursements.	Met
10. Related party vendors/contractors/organizations/entities/individuals are identified for possible disclosure in the audit report.	Met

e. Payroll	**Met / Not Met / Partially Met**
1. Federal and state tax deposits are made per the monthly/quarterly payment schedule.	Met
2. Earnings subject to retirement are reported to Social Security, CalPERS, and CalSTRS.	Met
3. The charter school has a system to provide employee earnings records, including CalSTRS and CalPERS data, to the authorizing LEA and county office of education.	Met
4. There is a system to maintain employee earnings records to prepare W-2s.	Met

5. There is a segregation of duties among staff who process and maintain employee data, salary schedules, and payroll payments.	Met
6. The charter school uses a position control system or spreadsheet that reconciles with the budget and payroll.	N/A

B. Budget, Accounting, and Financial Reporting **a. Budget**	**Met / Not Met / Partially Met**
1. All required financial documentation has been submitted to the authorizer on time during each reporting cycle.	Met
2. The charter school submits data for CALPADS and meets deadlines.	Met
3. There are board-approved policies regarding budgets, short-term/long-term debt, accruals, accounting and financial reporting, and implementation of the LCFF and the charter school's annual requirement to update the LCAP to account specifically for the expenditures of the supplemental and concentration grant funds generated by unduplicated pupils.	Met
4. The governing board has approved the budget within the appropriate timelines and includes sufficient expenditures to implement the LCAP.	Met
5. There is a process to review and revise the budget for student enrollment and operations changes.	Met
6. Enrollment projections are reasonable and based on a waiting list or other significant events.	Met
7. The governing board regularly reviews the budget and financial statements of the charter school and demonstrates knowledge of the charter school's short- and long-term financial outlook.	Partially Met
8. The governing board approves/ratifies the budget and budget revisions.	Met
9. The governing board approves/ratifies contracts and purchase orders per approved policies and procedures.	Met
10. The charter school maintains a list of short- or long-term debt obligations and includes them in the budget.	Met
11. Separate accounts are maintained for unrestricted and restricted revenues and expenditures per the California School Accounting Manual (CSAM).	Met
12. Financial reports are accurate, and the governing board reviews them regularly per the board's policy.	Met
13. Cash flow projections are prepared and updated regularly to ensure sufficient funds are available to meet the charter school's financial obligations.	Met
14. Cash flow reconciles with ending fund balance/net assets. (The charter includes an accrual column in their cash flow analysis.)	Met
15. Revenues are calculated accurately, given actual ADA and funding formulas.	Met

16. Expenditure projections are reasonable based on actual ADA, FTE, and operational expenses.	Met
17. A prudent level of reserves is maintained for economic uncertainties based on the number of ADA.	Not Met
18. Multiyear financial projections include long-term debt obligations, and assumptions are reasonable.	Met
19. Based on the projections, the charter school will be able to meet its financial obligations and maintain a positive fund balance and a prudent level of cash reserves to meet its financial obligations in the current and two subsequent fiscal years.	Partially Met
20. There are approved policies regarding the purchase and maintenance of equipment.	Met
21. An equipment inventory is: ☒ Maintained and on file at the main office. ☒ Conducted physically at each site.	Met
22. Equipment purchased with federal funds or donations is identified.	Met
23. If the charter school receives federal funds, it complies with the Title IX information posting requirement on its website in a prominent, conspicuous location, including the name, number, and email address of the Title IX Coordinator for the school. [EC 221.61]	Met
24. If the charter school receives funds from the EPA, the governing board determines the use of the EPA funds at an open public meeting.	Met
25. If the charter school receives funds from the EPA, it complies with Article XIII, section 36, Subdivision (e), Paragraph (6) of the California Constitution, which requires charter schools to report on their website an accounting of how much money was received and how that money was spent.	N/A

b. Audit	**Met / Not Met / Partially Met**
1. The chosen independent audit firm is on the State Controller's Office approved list.	Met
2. The school maintains all necessary records for audit.	Met
3. The first annual independent audit occurred after the charter school spent or received any money (from any source), obtained its first asset, or incurred its first obligation.	Met
4. On or before December 15 of the subsequent fiscal year, a copy of the audit for the prior year has been provided to the authorizing LEA, the county superintendent of schools of the county in which the charter school is located, the State Controller's Office, and the California Department of Education, per Education Code sections 47605 and 41020.	N/A
5. Audit adjustments, restatements, or financial corrections identified by the auditors have been recorded in the financial records so that the general ledger, ending fund balance, and all other accounts are accurately recorded.	N/A

6. A corrective action plan has been developed and implemented for each audit finding, and recommendations were presented to the governing board by January 31 each year per Education Code section 41020.3.	N/A
7. The prior year's audit recommendations have been implemented.	N/A
c. Local Control and Accountability Plan (LCAP)	**Met / Not Met / Partially Met**
1. The charter school completed, held a public hearing, adopted an LCAP (or annual update), and submitted it to the charter school authorizer per Education Code sections 47604.33 and 47606.5	Met
2. The charter school used the current State Board of Education LCAP template.	Met
3. The charter school prominently posted on the home page of its website the LCAP adopted by the governing board and any updates or revisions.	Met
4. The charter school LCAP addresses each of the following state priorities. ☒ Priority 1: credentials, materials and facilities. ☒ Priority 2: academic standards, including English learners (EL). ☒ Priority 3: parental involvement. ☒ Priority 4: pupil achievement. ☒ Priority 5: pupil engagement. ☒ Priority 6: school climate. ☒ Priority 7: course of study. ☒ Priority 8: other pupil outcomes.	Met
5. Schoolwide goals are included for the applicable priorities.	Met
6. The following subgroups are listed based on prior year demographic data: ☒ Racial/ethnic subgroups. ☒ Socioeconomically disadvantaged. ☒ English learners. ☒ Pupils with disabilities. ☒ Foster youth.	Met
7. Subgroup goals are included for the applicable priorities.	Met
8. The charter school presented a report on the annual update to the LCAP and the LCFF Budget Overview for Parents on or before February 28 at a regularly scheduled board meeting, which included: ☒ Midyear outcome data related to metrics identified in the current year's LCAP. ☒ Midyear expenditure and implementation data for actions identified in the current year's LCAP.	Met
C. Other	**Met / Not Met / Partially Met**

1. No commingling or personal use of charter funds is evident.	Met
2. Form 700s and Form 990s show no evidence of conflicts of interest violations or gifts of public funds.	N/A

BUDGET AND FINANCE SUMMARY

Areas of Strength and Progress

- The governing board regularly reviews and updates fiscal policies to align with current practices and statutory requirements.
- The school has established foundational fiscal systems, including procedures for disbursements and payroll that align with board-approved policies.

Recommendations for Further Growth and Improvement

Fiscal Stability and Sustainability

- The school is projecting a structural deficit and negative ending fund balance, with no reserves, and is relying on intraorganizational loans to meet financial obligations. It is recommended that the school develop and implement a comprehensive fiscal recovery plan to eliminate the deficit, restore reserves, and ensure long-term financial sustainability.
- The school should develop a strategic plan to increase enrollment and align expenditures with actual student enrollment and operational needs.
- Financial statements are not consistently reviewed by the governing board in accordance with board policy. It is recommended that the board ensure regular review and approval of financial reports at each board meeting.

Fiscal Policies and Procedures

It is recommended that the school update its fiscal policy to align with current regulatory requirements, including procedures for calculating and remitting use tax and ensuring consistency between policy and practice.

DOCUMENTS AND EVIDENCE REVIEWED

☒ Academic Calendar and Daily Bell Schedule	☐ A-G Approved Courses – High School Only	☒ Agreement/MOU
☒ Annual Audit Report	☒ Anti-Discrimination, Harassment & Bullying Policy	☒ Application for Enrollment
☒ Articles of Incorporation	☒ Attendance Accounting Policy	☒ Authorized Banking Signers
☒ Board Meeting Agenda Posting	☒ Board Meeting Packets & Audio	☒ Board Roster & Mtg. Schedule
☒ Board Meeting Observation	☐ Business License	☒ Bylaws
☒ Campus Site Plan/Facility Map	☒ Certificate of Occupancy	☒ Cert. of Annual Board Training
☒ Cert. of Employee Screening	☒ Cert. of Health and Safety	☒ Cert. of Instructional Min./Days
☒ Cert. of Monthly Enrollment	☒ Chart of Accounts	☐ CMO/EMO Contract
☒ Charter Petition	☒ Check/Credit Card Registers	☒ Classroom Observation
☒ Community Meetings	☐ Conditional Use Permit	☒ Conflict of Interest Code
☒ Contracts/Agreements	☒ Credentials Verification	☒ Curriculum & Materials
☒ Debt Agreements	☒ Claims/Litigation; Criminal/Civil Actions	☒ Discussion with School Leadership
☒ Discussion with Teaching Staff	☒ EPA Resolution & Accounting	☐ Employee Compensation Plan
☒ Employee Handbook	☒ English Learner Plan	☒ ELOP Plan
☒ Facilities Lease Agreement	☒ Financial Policies	☒ Fire Marshal Inspection
☒ Form 700s	☒ Form 990	☒ General Complaint & UCP
☒ General Ledger	☒ Health Department Permit	☒ Independent Study Policies
☒ Insurance Certificate	☒ Inventory of Capitalized Assets	☒ Liabilities Short-/Long-Term
☒ LCAP	☒ Master Schedule	☐ Mathematics Placement Policy
☒ Organizational Chart	☒ Payroll Registers	☒ Professional Development Plan
☐ Record Retention Policy	☒ Required Annual Notices	☒ Required Website Postings
☒ Safety and Emergency Plan	☒ SARC	☐ School Assessment/ Performance Data
☒ SELPA Acceptance/Agreement	☒ SELPA Letter of Good Standing	☐ Sexual Harassment Prevention Policy
☒ Staff-Student Interaction Policy	☐ Standardized Assessment Data	☐ Student Cumulative Records
☒ Student/Family Handbook	☒ SPED Master Plan	☐ Suicide Prevention Policy
☐ Tax-Exempt Status 501(c)(3)	☐ Temporary Cert. of Occupancy	☒ Title IX Policy
☒ Trial Balance	☐ Vendor Information & Policies	☒ Website review

☐ Wellness Policy	☒ Workplace Violence Prevention Policy	☒ Year-End Bank Statement

ACRONYMS

ADA	Average Daily Attendance
CAASPP	California Assessment of Student Performance and Progress
CALPADS	California Longitudinal Pupil Achievement Data System
CALPERS	California Public Employees' Retirement System
CALSTRS	California State Teachers' Retirement System
CAST	California Science Test
CCR	California Code of Regulations
CSAM	California School Accounting Manual
EC	Education Code
ELA	English Language Arts
ELAC	English Learner Advisory Committee
ELL	English Language Learner
ELOP	Expanded Learning Opportunities Program
ELPAC	English Language Proficiency Assessments for California
EPA	Education Protection Account
FAPE	Free Appropriate Public Education
FTE	Full-Time Equivalent
IEP	Individualized Education Program
LCAP	Local Control Accountability Plan
LEA	Local Education Agency
MTSS	Multi-Tiered System of Supports
PBIS	Positive Behavioral Interventions and Supports
SARC	School Accountability Report Card
SEL	Social-Emotional Learning
SELPA	Special Education Local Plan Area
UCP	Uniform Complaint Procedure/Policy

OCDE Oversight – Fiscal Executive Summary

Magnolia Science Academy – Orange County | 2025–26 Annual Oversight

BOARD TAKEAWAY

Core fiscal systems are largely in place; the primary issue is long-term sustainability driven by enrollment, structural deficit, and reserves.

What OCDE Found Working

Budget & reporting	Required financial documentation submitted timely; budgeting and revisions are in place.
Cash flow & accounting	Cash-flow projections are updated; restricted/unrestricted activity is separately tracked.
Disbursements & payroll	Core controls, segregation of duties, vendor reporting, and payroll processes were met.
Debt & financial controls	Debt obligations are included in the budget and financial reports are reported as accurate.

Key Fiscal Priorities

RESERVES	**Not Met** OCDE identified no prudent reserve for economic uncertainty.
FISCAL SUSTAINABILITY	**Partially Met** Structural deficit / negative ending balance and reliance on intraorganizational loans require a recovery plan.
BOARD REVIEW	**Partially Met** Financial statements should be reviewed consistently at Board meetings in accordance with policy.
POLICY ALIGNMENT	**Partially Met** Update cash-receipt / fiscal policy language to align policy and current practice.

MANAGEMENT RESPONSE / NEXT STEPS

Enrollment growth • expenditure/staffing alignment • continued cash-flow monitoring • regular Board financial reporting • restoration of reserves

Source: OCDE Annual Oversight Report 2025-26 – MSA-OC

San Diego Unified School District
Annual Site Visit Report

Office of Charter Schools
2025-26 School Year

Charter School Name: Magnolia Science Academy San Diego
Dates of Site Visit: April 7, 2026
Contact Persons for this Report: Joanne Lin-Hening, Tiffany DeGraffenreid

San Diego Unified School District ("District") is the charter granting authority of Magnolia Science Academy San Diego ("MSA San Diego"). MSA San Diego is part of a network of charter schools operating primarily in the Los Angeles area called Magnolia Public Schools ("MPS"). MPS is operated by the nonprofit public benefit corporation Magnolia Educational and Research Foundation. The MPS Home Office is located at 250 E. 1st St., Suite 1500, Los Angeles, CA 90012. District staff visited the central office location on September 25, 2025.

The current charter term began on July 1, 2020, and ends June 30, 2028, based on the extension in Education Code section 47607.4. MSA San Diego serves grades 6-8 at a District owned property located at 6525 Estrella Avenue, 92120. Megan Craig is the Principal of MSA San Diego, and Alfredo Rubalcava is the CEO of MPS.

The following additional designated roles were identified for MSA San Diego.

Special Education Administrator	Lexee Hutchens	lhutchens@magnoliapublicschools.org
504 Coordinator	Johnny Voss	jvoss@magnoliapublicschools.org
Title IX Coordinator	Chris Wertz	cwertz@magnoliapublicschools.org
Homeless Liaison	Johnny Voss	jvoss@magnoliapublicschools.org
Foster Liaison	Neil Egasani	cegasani@magnoliapublicschools.org
Uniform Complaint Policy Contact	Megan Craig	mcraig@magnoliapublicschools.org
Free/Reduced Price Meals Contact	Nancy Velasquez	nrvelasquez@magnoliapublicschools.org

Enrollment for MSA San Diego is summarized in the table below.

Magnolia Science Academy San Diego Report (37-68338-0109157)

+ Report Description

+ Report Options and Filters

Academic Year	Total	Grade TK	Grade K	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8
2025-26	**481**	0	0	0	0	0	0	0	161	162	158
2024-25	**464**	0	0	0	0	0	0	0	162	164	138
2023-24	**439**	0	0	0	0	0	0	0	138	146	155
2022-23	**422**	N/A	0	0	0	0	0	0	126	155	141
2021-22	**421**	N/A	0	0	0	0	0	0	135	140	146

The table below provides an overview of MSA San Diego's enrollment by subgroup.

Subgroup	2021-22	2022-23	2023-24	2024-25	2025-26
English Learners	7.4%	6.4%	4.3%	2.6%	1.5%
Foster Youth	0.0%	0.0%	0.0%	0.0%	0.0%
Homeless Youth	2.6%	1.2%	0.7%	0.9%	0.8%
Migrant Education	0.0%	0.0%	0.0%	0.0%	0.0%
Students with Disabilities	17.3%	17.5%	17.3%	21.1%	20.6%
Socioeconomically Disadvantaged	37.5%	36.3%	32.6%	34.1%	25.4%
All Students	**421**	**422**	**439**	**464**	**481**

Operations

The MSA San Diego enrollment and admission information is located on the school website at https://www.msasd.magnoliapublicschools.org/apps/pages/index.jsp?uREC_ID=286584&type=d&pREC_ID=539866 (last accessed on July 17, 2026), and includes an admission policy, an application in English and Spanish, and access to the Charter School Complaint Notice. At the time of the site visit, MSA San Diego had a waitlist for sixth and seventh grade.

The District received a Comprehensive School Safety Plan ("CSSP") for review. Meetings for public input were held on January 16, 2025. The MPS Board approved the CSSP on February 13, 2025. The CSSP meets all required compliance components. *The District requests that the safety plan be updated to include the new components required for the 2026-27 school year.* For more information on the development, contents, timeline, and updates for CSSPs, please refer to the CDE's website at (https://www.cde.ca.gov/ls/ss/vp/cssp.asp).

The MPS Board approved a revised Independent Study Policy and Master Agreement on October 10, 2024, which includes specific provisions for tiered reengagement, synchronous instruction, and live interaction for students participating in long-term independent study. While the policy permits independent study enrollment beyond 15 days, MSA San Diego had no students with more than 15 cumulative days of independent study at the time of the site visit. Independent study Master Agreements for the 2025-26 school year were reviewed for Magnolia. The Master Agreements showed for the parent/guardian, student, teacher, and a signature line available for other staff members as needed. Assignment and Work Records that matched the Master Agreement were made available to review as well.

The District reviewed the professional development ("PD") calendar and sessions offered by MSA San Diego for the 2025-26 academic year. The calendar highlights various PD training sessions throughout the academic year, including NWEA MAP training, English Language Development, and Special Education.

The District observed classrooms and common areas during its site visit on April 7, 2026. All classrooms had appropriate emergency exit routes clearly posted. On September 25, 2025 District staff visited and observed the Magnolia Public Schools home office at 250 E. 1st St., Suite 1500, Los Angeles, 90012.

District staff conducted an on-site review of personnel files during the site visit. The documentation demonstrated that MSA San Diego has a practice of adherence to compliance requirements, including Mandated Reporter and Title IX training, background clearance protocols, current tuberculosis vaccinations or risk assessments, and credential documentation.

Academics

Below are the 2023-24 and 2024-25 California Assessment of Student Performance and Progress (CAASPP) results for MSA San Diego.

School Year	ELA *% met/exceeded*	Mathematics *% met/exceeded*	Science *% met/exceeded*
2024-25	72.42%	60.09%	64.93%
2023-24	68.88%	60.32%	64.43%

Below are the performance levels (color) by subgroup on the 2025 California School Dashboard.

Magnolia Science Academy San Diego (San Diego, CA)
San Diego Unified

Reporting Year: 2025

This report displays the performance level (color) for each student group on all the state indicators.

Note: The English Learner Progress Indicator reflects data for the English learner and Long-Term English learner student groups only, information on other student groups will result in an N/A (or Not Applicable).

Student Group Report for 2025

Student Group	English Learner Progress	Chronic Absenteeism	Suspension Rate	Graduation Rate	English Language Arts	Mathematics	Science	College/Career
All Students	--	Yellow	Green	N/A	Blue	Green	Blue	N/A
English Learners	--	--	--	N/A	Blue	Green	--	N/A
Long-Term English Learners	--	--	--	N/A	--	--	--	N/A
Homeless	N/A	--	--	N/A	--	--	--	N/A
Socioeconomically Disadvantaged	N/A	Yellow	Orange	N/A	Blue	Green	Blue	N/A
Students with Disabilities	N/A	Yellow	Orange	N/A	Green	Yellow	--	N/A
Black or African American	N/A	--	--	N/A	--	--	--	N/A
Asian	N/A	Green	Blue	N/A	Blue	Green	--	N/A
Filipino	N/A	--	--	N/A	--	--	--	N/A
Hispanic or Latino	N/A	Yellow	Blue	N/A	Green	Yellow	Blue	N/A
Native Hawaiian or Pacific Islander	N/A	--	--	N/A	--	--	--	N/A
White	N/A	Yellow	Orange	N/A	Blue	Blue	Blue	N/A
Two or More Races	N/A	Orange	Orange	N/A	Blue	Green	--	N/A

For the 2025 Dashboard year, the CDE categorized MSA San Diego as "High Performing." The District notes that MSA San Diego has been categorized by CDE as "High Performing" for the past four Dashboard years. See CDE's website at https://www.cde.ca.gov/sp/ch/performcategory.asp for more information about charter performance categories.

According to the Teaching Assignment Monitoring Outcome ("TAMO") report for the 2023-24 school year, the most recent report available, MSA San Diego had 21.0 full time equivalent teachers ("FTE") and 90.4% of teachers had a clear and appropriate teaching credential. Below is a table summarizing MSA San Diego's TAMO report. See CDE's webpage for updated teacher equity definitions at https://www.cde.ca.gov/ds/ad/tamoinfo.asp.

School Year	Total Teaching FTE	Clear	Out-of-Field	Intern	Ineffective	Incomplete	Unknown
2023-24	21.0	90.4%	8.8%	0.0%	0.0%	0.8%	0.0%
2022-23	18.0	88.9%	11.1%	0.0%	0.0%	0.0%	0.0%

During the 2025-26 school year, approximately 99 students with disabilities were enrolled at MSA San Diego comprising 20.6% of the schoolwide enrollment. MSA San Diego is a member of the El Dorado County Charter Special Education Local Plan Area (SELPA) and uses its forms. MSA San Diego reported zero students placed in a nonpublic school setting at the time of the site visit.

MSA San Diego reported having 23 students with 504 plans in the 2024-25 school year and 37 in the 2025-26 school year. The District inquired about the increase in the number of 504 plans and the administration informed District staff that the majority of new 504 plans were student transfers into Magnolia this school year. The school submitted 504 documents on MSA San Diego specific forms that included updated information for students, including the Accommodation Plans and meeting notes. Forms were signed by the 504 Coordinator, parent/guardian, student, administrator, and a general education teacher.

The table below summarizes MSA San Diego's English Learner ("EL") enrollment, including Long-Term English Learners ("LTEL") and Reclassified Fluent English Proficient ("RFEP") for the past three school years.

School Year	English Learners				EL Total	RFEP	Total (Ever-EL)
	EL 0-3 years	At-Risk 4-5 years	LTEL 6+ years	EL 4+ Years Not at risk or LTEL			
2025-26	0	0	4	3	7	68	75
2024-25	0	0	7	5	12	73	85
2023-24	2	1	6	10	19	73	92

The District reviewed MSA San Diego's English Language Development ("ELD") program during its site visit. MSA San Diego reported that all EL students receive designated ELD and the school uses the StudySync curriculum to support the program. At the time of the site visit, MSA San Diego reported less than 21 English Learner students and therefore did not require maintaining an English Language Advisory Committee. The District will continue to monitor MSA San Diego's designated ELD program to ensure all EL students are participating in protected time during the regular school day that is focused on ELD standards.

Governance

MPS is the governing board for MSA San Diego. Board meetings are conducted in person at the MPS central office at 250 E. 1st Street, Suite 1500, Los Angeles, CA 90012 or at various MPS school sites in Los Angeles. Meetings are generally held monthly. MPS has four committees (Audit/Facilities, Finance, Academic, and Educational Partners) that meet throughout the academic year. Meeting agendas, recordings, and minutes can be accessed from the MSA San Diego website via BoardOnTrack at https://app2.boardontrack.com/public/CtXXyH/home.

The meeting calendar included the following dates for 2025-26.

July 10, 2025	January 24, 2026 (& Board Retreat)
August 7, 2025	February 12, 2026
September 11, 2025	March 12, 2026
October 9, 2025	April 9, 2026
November 13, 2025	May 21, 2026
December 11, 2025	

The 2025-26 Magnolia Board Roster is composed of six members, including a designated San Diego representative, and one student representative.

Name	Position	Term	Email Addresses
Mekan Muhammedov	Board Chair	April 2025 - April 2030	mekan@magnoliapublicschools.org
Sandra Covarrubias	Vice Chair	August 2022 - August 2027	scovarrubias@magnoliapublicschools.org
Umit Yapanel, Ph.D.	Member	October 2022 - October 2027	uyapanel@magnoliapublicschools.org
Salih Dikbas, Ph.D.	SD Member	December 2024 - December 2029	sdikbas@magnoliapublicschools.org
Diane Gonzalez	Member	December 2024 - December 2029	drgonzalez@magnoliapublicschools.org

Serdar Orazov	Member	October 2025 - October 2030	sorazov@magnoliapublicschools.org
Sofia Perez	Student Member	*Not listed*	*Not listed*

The Magnolia website provides information for the public to contact any MPS Board member directly through individual email addresses at https://www.magnoliapublicschools.org/apps/pages/index.jsp?uREC_ID=291746&type=d.

The District observed a MPS board meeting via the posted zoom link on October 9, 2025. All meeting notices and information were publicly available in accordance with the Brown Act. The District notes that the meeting started hour after the posted time due to lack of in-person quorum. At the meeting, the MPS Board of Directors approved the nomination of a new board member, discussed the organization's strategic plan, and enrollment among other items.

Statement of Economic Interest (Form 700) documents were reviewed and demonstrated that MPS has a practice of submitting this information on an annual basis. Where applicable, schedules identifying real property, income, loans, etc. were attached.

The Uniform Complaint Policy ("UCP") for MSA San Diego can be located on its website under the "About Us" and "Accountability" tabs. The UCP is available in English and Spanish. The MPS Board approved the UCP on July 10, 2025, and it contains all procedures on how to file a complaint regarding protected programs and the appeals process.

MSA San Diego's Homeless Education Policy is located on its website under the "Parents" and "Homelessness and Foster Youth Resources" tabs. The webpage includes a description of rights for students experiencing homelessness and contact information for MSA San Diego's Homeless Liaison. MSA San Diego provided evidence of a housing questionnaire.

MSA San Diego's 2025-26 Local Control Accountability Plan ("LCAP") can be accessed on its website under the "About Us" and "Accountability" tabs. The MPS Board held an LCAP public hearing on June 26, 2025 and approved the LCAP at the same meeting. The District recommends that the public hearing and approval of the LCAP occur at separate meetings to ensure that input received during the public hearing can be fully considered before final LCAP approval. The LCAP was approved alongside a presentation of the Local Indicators. The goals in the 2025-26 LCAP are below:

- Goal #1: BASIC SERVICES FOR A HIGH-QUALITY LEARNING ENVIRONMENT: All students and staff will have access to a safe, secure, healthy, and high-quality learning and working environment. Students will receive high-quality services that are fundamental to academic success, including fully credentialed teachers, standards-aligned instructional materials, and appropriately maintained school facilities.
- Goal #2: EXCELLENCE: Under our first core pillar of Excellence, all students will have equitable access to a high-quality core curricular and instructional program and make academic progress in alignment with California content standards (CCSS, NGSS, etc.) through our data-driven, differentiated and engaging learning program. Students will develop competencies aligned with our "Portrait of a

Graduate," including Literacy with a Learner's Mindset and Critical Thinking skills as they pursue academic excellence.

- Goal #3: INNOVATION: All students will have access to a well-rounded, 21st century education that supports their readiness for college and the global world under our second core pillar of Innovation. Each student will become an independent, innovative scholar by practicing Creativity and Adaptability in their learning, using technology and data-driven online learning, and demonstrating high-quality learning outcomes in myriad ways.
- Goal #4: CONNECTION: All students, families, staff, and other educational partners will experience our third core pillar, Connection, and have access to meaningful engagement opportunities that help cultivate Effective Communication and Global Citizenship in a safe and nurturing environment. Educational partners will feel a sense of community and connectedness.

The MPS Board reviewed the mid-year LCAP report on February 12, 2026. The mid-year LCAP report contained all available mid-year outcome data related to metrics in the 2025-26 LCAP, and mid-year expenditure and implementation data on all actions identified in the 2025-26 LCAP.

Part 1: Financial Overview

This section summarizes the school's financial condition for the fiscal year, including key indicators of fiscal health, overall operating results, and an assessment of financial stability and compliance.

Financial Health Snapshot Comparative tables presenting financial position and operating results for the current and prior fiscal years, highlighting year-over-year changes in financial performance, enrollment, and ADA (Average Daily Attendance).

FINANCIAL POSITION	FY25-26 as of 1/31/26	FY24-25 Actuals
Total Assets	2,915,416	8,125,818
Current Assets	2,247,267	2,506,264
Total Liabilities	1,742,614	6,347,635
Current Liabilities	1,652,011	1,638,304
Net Asset Position	1,172,802	1,778,183

FINANCIAL ACTIVITIES	FY25-26 as of 2nd Interim	FY24-25 Actuals
Revenues and Support	7,698,221	6,783,800
Expenses	7,253,330	6,610,159
Surplus/(Deficit)	444,891	173,641
Beginning Balance	1,778,181	1,604,540
Ending Fund Balance	2,223,072	1,778,181

CASH POSITION	FY25-26 as of 1/31/26	FY24-25 Actuals
Total Cash	1,293,291	1,068,072
Days Cash on Hand	65	59
Cash Reserves	18%	16%

ENROLLMENT AND ADA	FY25-26 Projected	FY24-25 P2
Enrollment	481	464
ADA	461	436
ADA Rate	96%	94%

Financial Stability and Sustainability This section summarizes the school's current financial position at the time of the site visit. Detailed analysis, supporting figures, and observations are provided below:

Indicator	FY 2025-26 as of 2nd Interim	FY 2024-25 Actuals
Net Operating Surplus: Operating revenues are projected to be greater than operating expenses in the fiscal year.	Met	Met
Positive Ending Fund Balance: Assets are projected to be greater than liabilities at the end of the fiscal year.	Met	Met
Adequate Reserve for Economic Uncertainty: The ending fund balance is projected to be at least 3% of expenditures or $50,000, whichever is greater.	Met	Met
Current Ratio: Current assets exceeded current liabilities.	Met	Met
Solvency: Available cash is sufficient to satisfy current liabilities	See Below	Not Met
Days Cash: The days cash on hand indicates how many days a school can pay its expenses without another inflow of cash. (Recommended minimum: 30 days)	Met	Met
Cash Reserve: The percentage of total annual operating expenditures held in reserves (Recommended minimum: 5% of total annual operating expenditures)	Met	Met

Operating Position and Reserves

Based on the 2025–26 Second Interim Report, Magnolia is projected to meet most of the District's financial stability and sustainability criteria, except for solvency. As of January 31, 2026, Magnolia reported available cash of $1,293,291 compared to current liabilities of $1,652,011, resulting in a cash shortfall of approximately $358,720.

However, when accounts receivable of $755,786 are taken into account, total current assets are sufficient to fully cover current liabilities. This indicates that while cash liquidity is temporarily constrained at the reporting date, overall short-term resources are adequate to meet obligations as receivables are collected.

Audit Results
The audit 2024-25 audit identified one finding related to Attendance Reporting. Magnolia Science Academy San Diego inaccurately reported Average Daily Attendance (ADA) on its Annual Period Report due to misclassification of classroom-based and nonclassroom-based attendance. Specifically, classroom-based ADA was overstated by 1.20 ADA, and nonclassroom-based ADA was understated by the same amount.

The error resulted from incorrect categorization during the annual reporting process. Although the misstatement did not result in questioned costs, it reflects a significant deficiency in internal controls and noncompliance with California Education Code Section 47612.5 requiring accurate ADA reporting and reconciliation to supporting records.

The school acknowledged the issue, agreed with the findings, and indicated it has begun implementing corrective actions, including strengthening internal controls and staff training to improve accuracy in future reporting.

Part 2: Financial Management Practices

This section assesses the charter school's internal control systems, budget development and monitoring processes, board oversight and governance practices, transparency compliance, and safeguards over public resources.

Practice / Standard	Status
Chart of Accounts and Restricted Funding: Chart of Accounts corresponds to appropriate Standardized Account Code Structure (SACS) compliant object and resource codes, as per Procedure 810, Charter Schools of the California School Accounting Manual (CSAM). Restricted funds are accounted for separately and expenditures are limited to those allowed by grantors.	Met
Accounting System: Accounting system utilizes a SACS-compliant Chart of Accounts. Tracks unrestricted and restricted resources to meet various specialized reporting requirements and categorical activities. Provides data necessary for accurate completion of reports required by Education Code section 47604.33(a) (3-5), including First Interim, Second Interim, and Unaudited Actuals Financial Report Alternative Form.	Met
Safeguarding of Assets: The Fiscal Control Policy includes internal control procedures to protect assets and prevent misuse of charter school funds. Method of Verification: Review of credit card statements, debit card activity, bank statements, and general ledger entries to identify transactions inconsistent with the Fiscal Control Policy of indicative of asset misuse.	Met
Liabilities: Loans, debts, and outstanding obligations are properly accounted for and paid in a timely manner, as required by legal agreements. Loans are not with related entities or employees.	Met
Budget Development: Staff, management, and governing board are involved in the charter school's budget development.	Met

Board Oversight: Management and the governing board regularly review the budget against actual revenue and expenditures and make necessary adjustments as new information becomes available. Governing body approval of all contracts over the threshold.	Met
Adjusted Budgets: The current fiscal year's operating budget is updated for new revenue received and new expenses incurred.	Met
Conflict of Interest Disclosures: Form 700 Statements of Economic Interests are filed annually by required board members and designated staff; related-party transactions are disclosed.	Rick
LCFF and LCAP Transparency: The school maintains a current LCFF Budget Overview for Parents and aligns financial decisions with its Local Control and Accountability Plan (LCAP).	Rick
Submission of Financial Reports: The charter school submitted its required financial reports established in Education Code section 47604.33.	Met
Education Protection Account (EPA) Reporting: Annual EPA receipts and expenditures are published on the school's website, as required by Article XIII, Section 36, Subdivision (e), Paragraph (6) of the California Constitution.	Met
Other Observations: As applicable.	See Below

Third-Party Accounting Services
Magnolia contracts with Delta Managed Solutions for accounting and financial reporting services.

CMO Fee Calculation
District staff inquired about the CMO fee calculation methodology. School leadership indicated that, effective December, a revised calculation method was implemented, establishing a maximum management fee of 15% of LCFF revenues. Under the updated structure, the applicable fee rate is determined based on each school's approved budget, with the current rate for the San Diego site set at 15%. Leadership further noted that the school is considered a top priority and that fee rates may be revisited if a school experiences financial difficulty

Reimbursement Process
Employee reimbursements require pre-approval from the site principal prior to incurring expenses. Approved reimbursement requests are submitted through the NetSuite system. Reimbursements are required to be submitted within 60 days of the expense date.

Prop 39 - Return of Funds
District staff inquired about the status of approximately $230,000 in Prop 39 funds due to the California Department of Education (CDE). School leadership indicated that the CDE has contacted the school regarding the balance; however, no formal instructions for repayment have been provided and no invoice has been issued to date.

Bank Reconciliation
During the review of operating bank reconciliation as of December 31, 2025, three outstanding checks were identified as remaining uncleared for more than six months. School leadership indicated that the delay in voiding these checks was due to additional research and follow-up with vendors to confirm receipt or determine whether reissuance was required. Leadership further noted that this review process is intended to prevent

duplicate payments to vendors. If the checks remain unclaimed, the related funds will be remitted to the California State Controller's Office in accordance with applicable unclaimed property requirements.

Part 3: Recommendations

This section outlines key recommendations designed to strengthen financial management practices and ensure compliance with applicable requirements.

Category	Recommended Action
Bank Reconciliation	Review and resolve outstanding checks in a timely manner, particularly those remaining uncleared for more than six months, and document follow-up procedures to ensure reconciling items are appropriately addressed.

Charter School's Response (Optional):

Based on the 2025–26 Second Interim Report, Magnolia is projected to meet the District's financial stability and sustainability criteria, with a temporary liquidity constraint noted as of January 31, 2026. When accounts receivable are considered, total current assets are sufficient to cover current liabilities, indicating that the cash position reflects a timing difference in the collection of receivables rather than an overall solvency concern."

This clarification would more accurately distinguish between **liquidity**, which relates to the timing and availability of cash to meet short-term obligations, and **solvency**, which generally reflects the organization's broader ability to meet its financial obligations.

MSA San Diego | FY 2025-26 Fiscal Oversight Executive Summary

SDUSD Annual Site Visit Report

Board Takeaway: SDUSD found MSA San Diego meets most fiscal stability and financial management standards. The primary issue identified was a temporary cash liquidity constraint at January 31, 2026; current assets, including receivables, were sufficient to cover current liabilities.

Financial Snapshot

Operating Surplus	**$444.9K**	FY25-26 2nd Interim
Ending Fund Balance	**$2.223M**	Positive ending balance
Cash	**$1.293M**	65 days cash on hand
Enrollment / ADA	**481 / 461**	96% ADA rate

SDUSD Fiscal Assessment

Net operating surplus	MET
Positive ending fund balance	MET
Adequate reserve for uncertainty	MET
Current ratio	MET
Days cash	MET
Cash reserve	MET
Solvency / cash liquidity	SEE BELOW

Key Observations & Follow-Up

- **Liquidity:** Cash $1.293M vs. current liabilities $1.652M; temporary cash shortfall ≈ $359K. A/R of $755.8K results in current assets sufficient to cover current liabilities.
- **Audit:** FY2024-25 attendance finding involved a 1.20 ADA classification error; no questioned costs. Corrective actions include stronger controls and staff training.
- **Bank Reconciliation:** Three checks remained outstanding >6 months. SDUSD recommends timely resolution and documented follow-up procedures.
- **Other Items:** SDUSD noted the 15% San Diego CMO fee methodology and approximately $230K of Prop 39 funds pending CDE repayment instructions.

Management Clarification: The report's optional charter-school response distinguishes the January cash position as a liquidity timing issue rather than an overall solvency concern, because current assets including receivables exceed current liabilities.

Source: SDUSD Office of Charter Schools, Annual Site Visit Report 2025-26, MSA San Diego, pp. 8–12.

Coversheet

Average Daily Attendance (ADA) Update

Section: III. Information/Discussion Items
Item: B. Average Daily Attendance (ADA) Update
Purpose: Discuss
Submitted by:
Related Material: III.B September ADA update Board Cover Page_2026.pdf

Agenda Item:	III.B Information/Discussion Item
Date:	October 8, 2026
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools ("**MPS**") Board of Directors (the "**Board**")
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead(s):	Gokhan Serce, Chief Academic Officer Meagan Wittek, Director of Student Services
RE:	MPS Monthly Average Daily Attendance (ADA) Update

Action Proposed:

Non-Applicable. This item is for information only.

Purpose:

This report establishes the September attendance baseline for the 2026–27 school year and provides the Board with an early view of Average Daily Attendance (ADA) across MPS. As of September 27, organizational ADA is 94.76%, exceeding the 94.44% target by 0.32 percentage points. This baseline will support future monthly monitoring, trend analysis, and decisions about attendance support.

Background:

MPS continues weekly attendance monitoring at the school and organizational levels. School leaders review ADA data, submit reflections, and use attendance patterns to guide outreach and interventions. Monthly Board updates build on this process by summarizing cumulative attendance and performance against school targets. The September baseline reflects the opening weeks of the school year; continued monitoring will show whether early attendance patterns are sustained.

Analysis:

Cumulative attendance as of September 27, 2026:

School	2025–26 P-1	2025–26 P-2	Target ADA	Cumulative ADA	Distance from target in pp
MSA-1	93.90%	93.63%	93.93%	94.30%	+0.37
MSA-2	94.36%	94.22%	94.52%	94.75%	+0.23
MSA-3	92.89%	92.82%	93.12%	93.15%	+0.03
MSA-4	92.84%	92.19%	92.49%	91.23%	-1.26
MSA-5	94.15%	93.91%	94.21%	94.82%	+0.61
MSA-6	96.15%	95.10%	95.40%	94.42%	-0.98
MSA-7	94.19%	93.57%	93.87%	94.46%	+0.59
MSA-8	94.80%	94.14%	94.44%	95.64%	+1.20
MSA-SA	95.08%	94.94%	95.24%	95.39%	+0.15
MSA-SD	96.16%	95.53%	95.83%	96.66%	+0.83
MSA-OC	93.89%	93.85%	94.15%	91.94%	-2.21
MPS	94.47%	94.14%	94.44%	94.76%	+0.32

pp = percentage points. Positive values are above target; negative values are below target.

The September 27 ADA scoreboard shows eight of the eleven schools exceeding their cumulative targets. MSA-SD has the highest cumulative ADA at 96.66%, followed by MSA-8 at 95.64% and MSA-SA at 95.39%. MSA-8 has the largest positive distance from the target at 1.20 percentage points.

Three schools require focused attendance support: MSA-OC is 2.21 percentage points below target, MSA-4 is 1.26 points below target, and MSA-6 is 0.98 points below target.

With guidance from the Academic Department, school leaders will continue the following actions aligned with the MPS Attendance Improvement & Incentive Plan, with additional attention to sites below target.

- **Early Identification and Monitoring**
    - Identification of chronically absent students on a bi-weekly basis
    - Review of individual student ADA rates and attendance patterns
    - Development and updating of targeted intervention plans
- **Family Outreach and Communication**
    - Direct communication with families through calls, meetings, and written notices
    - Attendance expectation messaging aligned to Attendance Awareness efforts
    - Family conferences to address barriers and offer attendance recovery options
- **Incentives and Recognition**
    - Classroom-, grade-level, and school-wide attendance incentives (e.g., raffles, recognition events, assemblies)
    - Recognition of students with perfect attendance and those demonstrating significant improvement
    - Use of attendance celebrations to reinforce positive attendance behaviors
- **Schoolwide Engagement Strategies**
    - Attendance-focused assemblies and spirit events
    - Strategic scheduling of events on historically low-attendance days
    - Integration of engagement strategies to support older students
- **Ongoing Review and Leadership Oversight**
    - Monthly review of ADA data at leadership team meetings
    - Use of ADA data to inform planning and continuous improvement efforts
    - Alignment of site practices to MPS-wide non-negotiable attendance expectations

Impact:

Establishing an organizational ADA baseline supports improved Board oversight, strengthens data-informed decision-making, and reinforces systemwide accountability for attendance outcomes. Improving ADA also has a direct and significant impact on student learning, instructional continuity, and overall student outcomes. Ongoing monthly updates will allow leadership and the Board to monitor progress, identify emerging risks, and adjust strategies to support consistent student attendance and improved academic success.

Budget Implications:

No new expenditures or budget changes are proposed through this informational item. Current organizational ADA of 94.76% is 0.62 percentage points above the 2025–26 P-2 rate of 94.14%. This comparison provides historical context; fiscal performance should be assessed against the approved 2026–27 budget assumptions. Sustained attendance changes may affect attendance-based revenue and future budget planning.

Coversheet

Comprehensive Talent and Workforce Insights: Organizational Health and Retention Trends 2025-26

Section: III. Information/Discussion Items
Item: C. Comprehensive Talent and Workforce Insights: Organizational Health and Retention Trends 2025-26
Purpose: Discuss
Submitted by:
Related Material: III.C Comprehensive Talend and Workforce Insights.pdf

Agenda Item:	III.C Information/Discussion Item
Date:	October 08, 2026
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:	Comprehensive Talent and Workforce Insights: Organizational Health and Retention Trends 2025-26

Action Proposed:

No action is required. This report is presented for information and discussion.

Purpose:

This report builds on our ongoing work to better u

derstand Magnolia's workforce and improve the employee experience. We continue to strengthen how we track retention, recruitment and staff feedback, and use what we learn to support our schools. This year's findings highlight the need for stronger new-hire readiness, more reliable exit feedback and continued attention to representation.

Key Highlights:

Retention and departures

Reported overall staff retention is 75.60%, down from 82.43%, a decrease of 6.83 percentage points. Teacher retention is 73.09%, down from 80.28%, a decrease of 7.19 percentage points. The annual termination report, covering October 1, 2025–September 30, 2026, includes 127 departures: 67 voluntary and 60 involuntary. Of the involuntary departures, 39 were RIF or other structural exits. These departure counts provide context; they are not the denominator for the retention rates.

MPS conducted two reductions in force. At PYL, two employees transferred early in the year because enrollment was low; the later closure resulted in five RIF exits. Across Magnolia, 14 employees transferred between sites and stayed with MPS. We are also continuing supervisor coaching and clearer performance expectations to support employees and school leaders.

Exit feedback and a new baseline

During October 1, 2025–September 28, 2026, 11 of 63 voluntarily departing employees completed an exit interview (17.5%): six certificated, three classified/support and two school administrators. HRIS reporting problems and survey timing limited what we could reliably learn. We are working with senior leaders at the provider to correct reporting and send surveys when resignations are submitted, as part of broader discussions about whether to stay with the provider.

Seven of the 11 interview participants answered the new question: "On a scale of 0 to 10, how likely are you to recommend Magnolia as a great place to work?" Our first Net Promoter Score (NPS) is +43: 43% promoters (9–10), 57% passives (7–8) and 0% detractors (0–6). Last year's Google Form used different questions, so results are not comparable year over year. Respondents raised themes related to leadership communication, commute, working conditions, student support and discipline, workload, and compensation and career growth. With a small response group, these themes help guide follow-up; they do not represent every departing employee. Sharing how we use feedback may help build trust and encourage participation.

Recruitment and the new-hire experience

First-week respondents reported a strong welcome (96%) and supervisor support (94%), while technology access (71%) and tools and workspace (73%) need improvement. There were 51 responses from 67 new hires. At 30 days, respondents reported role clarity (100%) and confidence (93%), but training and information (60%) and tools and systems (67%) remained areas to improve. Only 15 of 59 employees responded at 30 days, so we will use this feedback carefully and work to increase participation.

Estimated organization-wide time to fill decreased from 48 days in 2025 to 35 days in 2026, with eight of 11 sites showing shorter timelines. These chart estimates still require confirmation against hiring records. Our four-month LinkedIn pilot also showed applicant growth in 24 of 25 posting periods. We will continue reviewing recruiting outcomes and coordinating with IT, Operations and school leaders so employees have what they need when they start.

Workforce representation and development

The October 1 snapshot includes 443 employees and 4,079 students. Hispanic/Latino staff representation is 50.3%, compared with 47.4% in the 2024–25 baseline; current student representation is 75.3%. Black staff representation decreased from 6.4% to 4.5%, compared with 6.3% of current students. Asian staff representation remains at 9.3%, compared with 5.1% of students. These patterns call for a closer look across roles and sites to guide recruitment and retention efforts.

Women make up 63.2% of staff and 44.4% of administrators, up from 40.5% in the baseline. We want to keep building mentoring and development opportunities for future leaders. Staff under 30 account for 25.3% of the workforce, and 3.2% are 60 or older. Age alone does not indicate retirement plans. Practical training and knowledge sharing remain important so effective practices stay with Magnolia when people change roles or leave.

Mandatory training

As of August 31, 2026, 100% of MPS employees required to complete the 2026–27 mandatory training had completed it. Paycom continues to provide a central place to access courses and monitor completion.

Continuing the Work

We are building on the foundation already in place and continuing to improve it. Our next steps are to strengthen onboarding readiness, resolve exit-survey reporting and timing, share how staff feedback is used, and develop more consistent measures so we can track whether our changes are working.

Data note: This 2025–26 workforce review includes October 1, 2026 snap

hots and a 2026–27 training update. Student data from the Accountability team are preliminary ahead of the October 7 census. Demographic comparisons use the 2024–25 baseline. Detailed results and reporting periods are included in the accompanying presentation.

Budget Implications:

N/A. No budget action is requested.

Exhibits:

Accompanying presentation: Workforce Insights 2025–26

MAGNOLIA PUBLIC SCHOOLS

2025–26 BOARD REPORT

Talent & Workforce Insights

Organizational Health, Retention and Representation

October 2026



Preliminary workforce data through October 1, 2026
Official census and comparisons to follow October 7

What Our Workforce Data Tells Us

Retention needs context

Retention is lower than last year’s reported result. The exit breakdown shows employee departures alongside MPS staffing decisions.

Recruitment and onboarding

Vacancies are being filled more quickly. New-hire feedback points to a strong welcome and gaps in training and readiness.

Representation and belonging

Comparing staff and student demographics helps us see where representation is growing and where we need to pay closer attention.

Participation and trust

We will address survey reporting errors and show staff how their combined feedback helps us make improvements.

Compliance

100% of employees completed mandatory trainings by August 31, 2026.

Board Reporting: Preliminary Data and Census Timing

OCTOBER 1, 2026

Current Board snapshot
Workforce and student demographics reflect data available as of this date.

OCTOBER 7, 2026

Official census date
We will update workforce data after the census and confirm comparable reporting dates before presenting final year-over-year results.

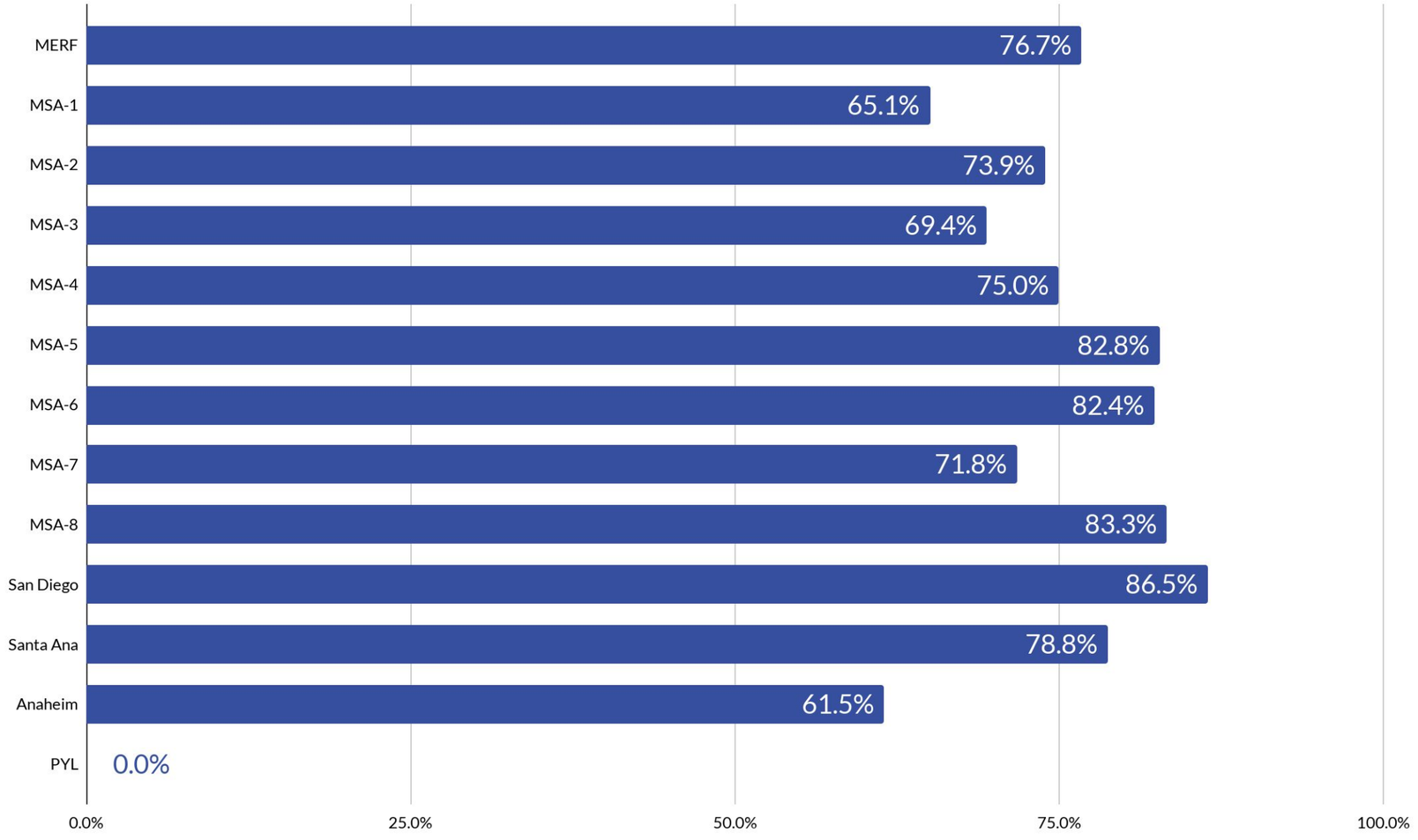
This report reviews 2025–26 and includes an October 1, 2026 snapshot. Annual exits cover Oct 1, 2025–Sep 30, 2026. Demographic charts compare current staff with the 2024–25 baseline.
Student data came from Accountability. Current student percentages are calculated from reported counts; official census updates will follow.

MAGNOLIA PUBLIC SCHOOLS

RETENTION

Breakdown

All-Staff Retention



75.60%

2026 preliminary

2025 reported: 82.43%
Difference: −6.83 percentage points

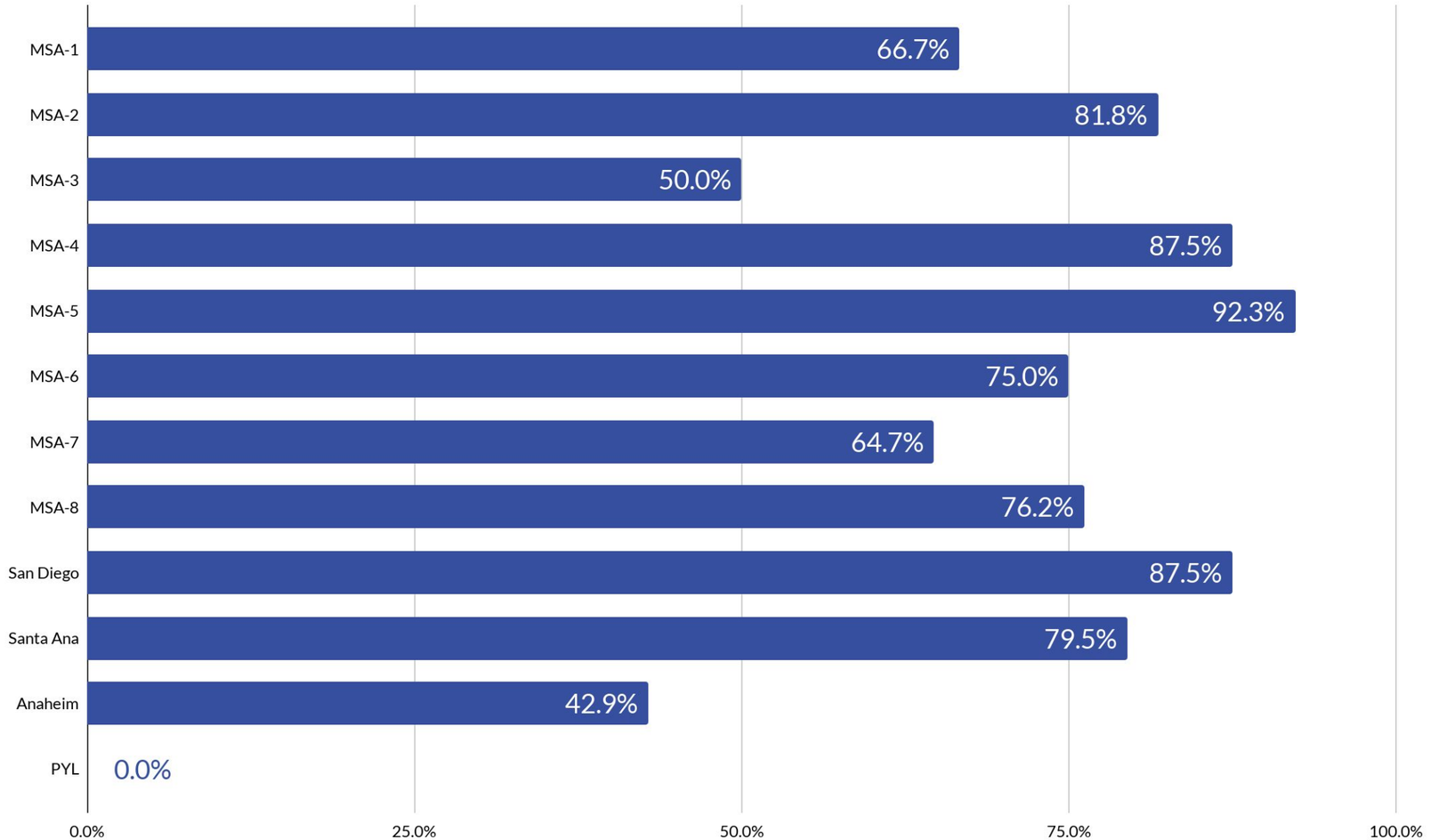
Retention reflects voluntary departures and MPS staffing decisions, including two RIFs. We will update comparisons after the October 7 census.

Internal Transfers Between Magnolia Sites

Fourteen employees transferred between Magnolia sites and stayed with MPS. This includes two PYL employees reassigned early in the year because enrollment was low, before the later closure and five RIF

Campus	Transfers Out	Transfers In	Net Change
MSA-1	5	2	-3
MSA-2	2	3	+1
MSA-3	-	1	+1
MSA-4	-	1	+1
MSA-5	1	5	+4
MSA-6	-	-	0
MSA-7	1	-	-1
MSA-8	1	-	-1
MSA-Santa Ana	-	-	0
MSA-San Diego	-	-	0
MSA-Anaheim	-	2	+2
MSA-PYL	2	-	-2
MSA-MERF	2	–	-2

Teacher Retention



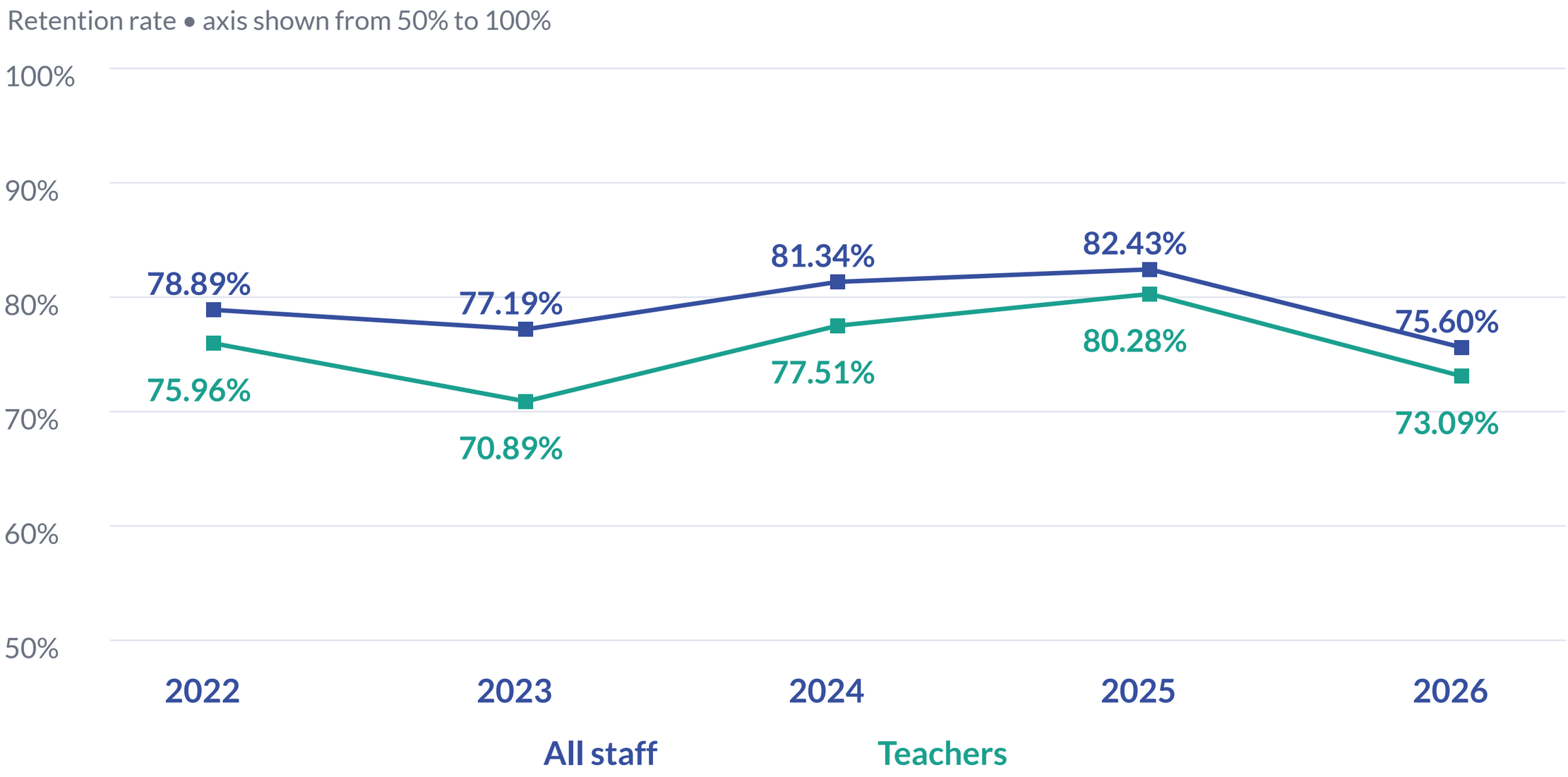
73.09%

2026 preliminary

2025 reported: 80.28%
Difference: −7.19 percentage points

Teacher retention reflects voluntary departures and MPS staffing decisions, including two RIFs. We will update comparisons after the October 7 census.

Retention Trends: Current Results in Context



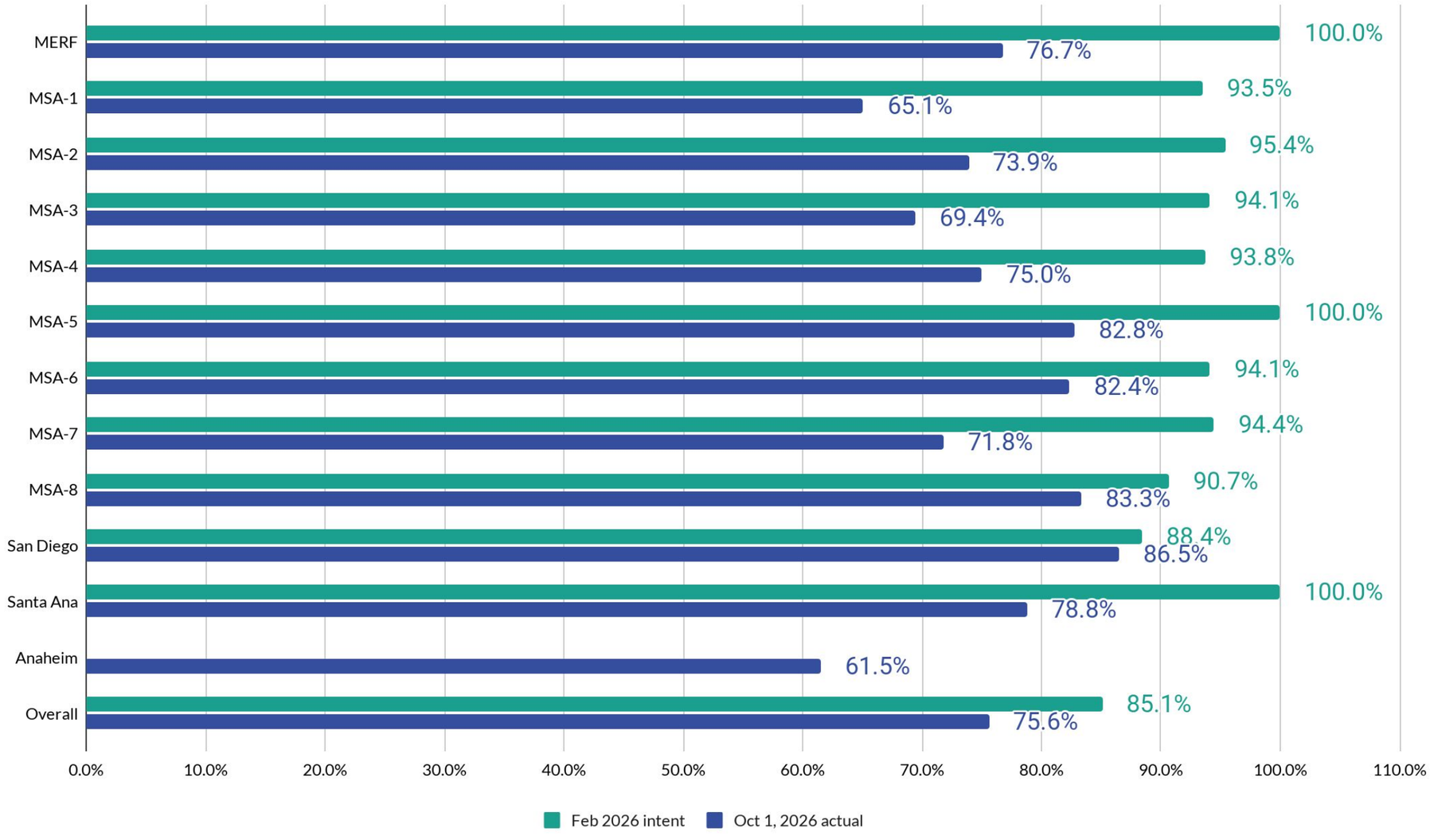
2026 reflects the preliminary October 1 snapshot. Earlier years reproduce reported annual rates. MPS will confirm the official year-over-year comparison after the October 7 census.

Intent to Return and Actual Retention

February intent gives us an early read.

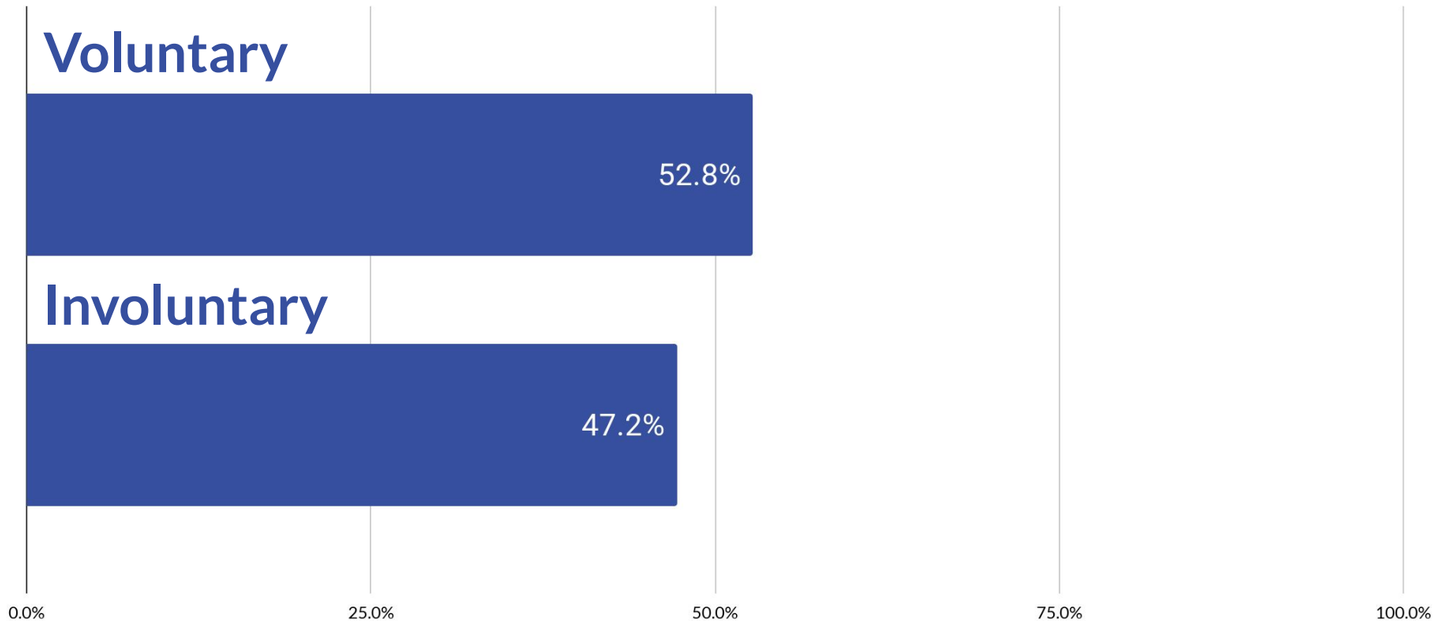
Many employees make their decision closer to year-end, often in late June.

We track responses to surface possible retirements or out-of-state moves, and talk with employees who are still considering about why and what might help them stay.



Annual Separations: Voluntary and Involuntary

October 1, 2025 through September 30, 2026



127 exits

67 voluntary
52.8% of exits

60 involuntary
47.2% of exits

Percentages describe the 127 exits from Oct 1, 2025–Sep 30, 2026. This is a breakdown of departures, not the percentage of all employees who left.

Involuntary Separations: What We Know

39 of 60

Staffing reductions and structural changes

65% of involuntary separations

RIFs, position eliminations, restructuring and ended grant funding.

Organizational decisions

MPS conducted two RIFs. At PYL, two staff transferred early due to low enrollment; the later closure resulted in five RIF exits.

21 of 60

Other involuntary separations

35% of involuntary separations

Performance accountability

MPS used coaching and clear expectations more consistently through progressive discipline. The goal is stronger employee performance in support of students. We have not separately counted the exits that followed this process.

Source: annual termination report, Oct 1, 2025–Sep 30, 2026. Counts describe the 60 involuntary separations; they do not measure each factor's effect on retention.

MAGNOLIA PUBLIC SCHOOLS

EXIT DATA ANALYSIS

Breakdown

Exit Feedback: Who We Heard From

Voluntary exits • October 1, 2025–September 28, 2026

63

Voluntary departures

11

Completed exit interviews

17.5%

Response rate • 11 of 63

Respondents: 6 certificated • 3 classified/support • 2 school administrators

We want to learn from employees who leave and use their feedback to improve. With 11 responses, this reflects a small group of experiences—not the full picture of why employees left.

Improving the Process and Building Trust

1

The system fell short

We moved the survey into our HRIS to collect more useful data. Report setup problems and major technical issues limited what we could reliably learn.

2

Timing needs to change

The survey currently goes out when termination is processed on the employee's last day. We are working with senior HRIS leaders to send it when a resignation comes in.

3

Staff need to see the value

We have not consistently shared how we use exit feedback in aggregate. Explaining what we learn and what we change can help build trust and encourage participation.

These issues are part of our broader discussions with the provider as we evaluate whether to stay.

What We Heard from Departing Employees

What employees valued

School culture, supportive colleagues and student relationships remained valued parts of the employee experience.

What influenced departures

Compensation, career growth, working conditions and commute were concerns. Family needs, retirement, new opportunities and role fit also influenced departures.

How supervisors supported staff

Respondents highlighted supportive relationships and clear expectations. Feedback, communication and listening drew more mixed responses.

Themes from exit feedback; these do not represent every employee's experience.

Concerns Raised in Exit Feedback

Leadership and communication

Consistency, transparency, listening, inclusion and employee voice were recurring themes.

Commute and location

Commute and location influenced some employees' decision to leave.

Working conditions

Workload, schedule, flexibility and the work environment were concerns for some respondents.

Student support and discipline

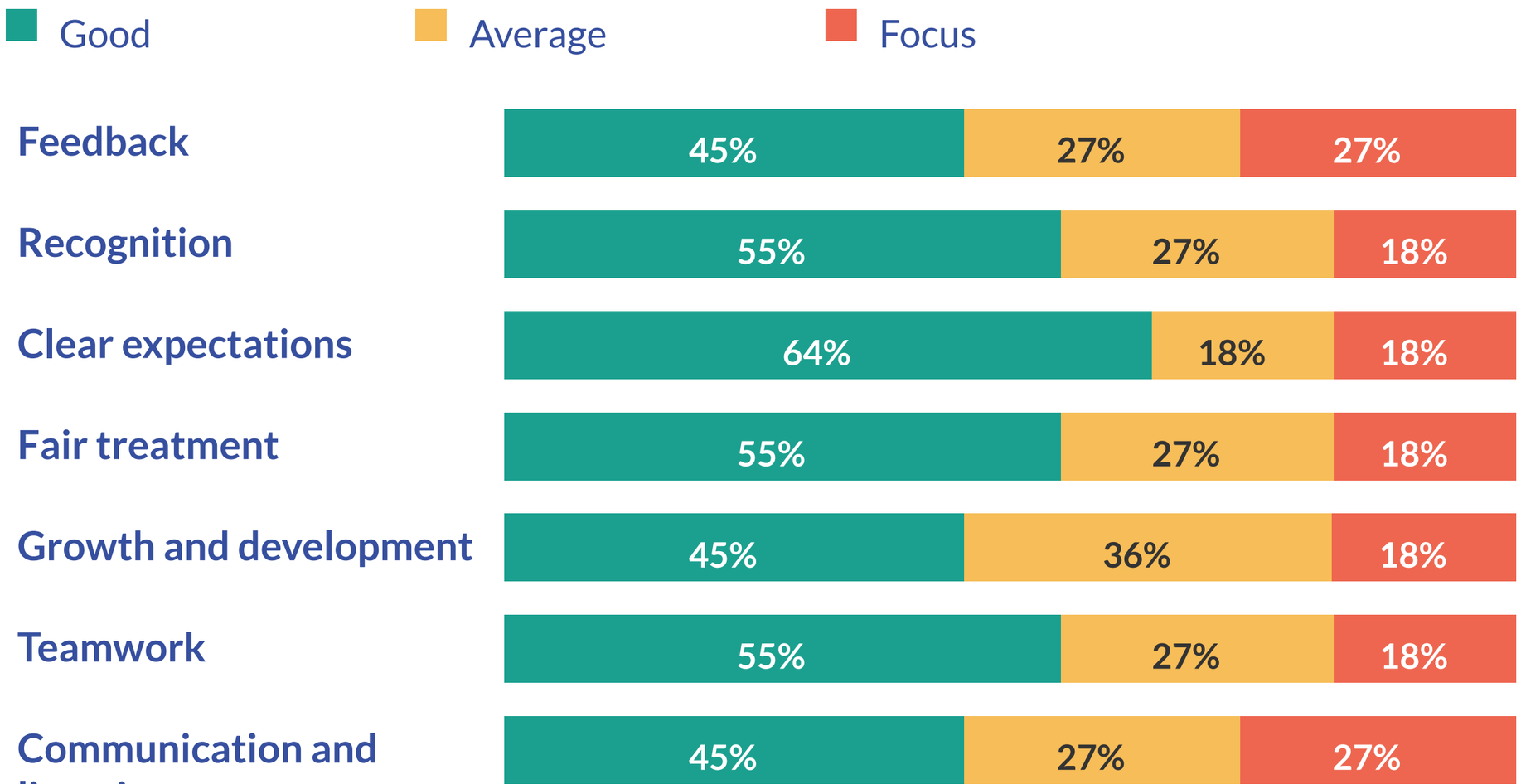
Comments called for clearer, consistent discipline practices and restorative approaches.

Compensation and growth

Pay and opportunities for growth appeared in several departure decisions.

These themes help guide follow-up; they are not ranked by frequency.

Supervisor Feedback: Strengths and Opportunities



What stands out

Clear expectations received the strongest positive rating.

Feedback, listening and growth are areas to strengthen.

Percentages are rounded and may total 99% or 100%. Results reflect exit-survey respondents.

Earlier Exit Feedback: Satisfaction Snapshot

What the prior responses showed

Pay had the most dissatisfaction in the chart. Location had the most satisfied responses.



Our First Net Promoter Score

“On a scale of 0 to 10, how likely are you to recommend Magnolia as a great place to work?”

0 = Not at all likely • 10 = Extremely likely

NPS	Promoters (9–10)	Passives (7–8)	Detractors (0–6)
+43	43%	57%	0%

7 of 11 exit interview participants answered this question.

NPS = % Promoters (9–10) – % Detractors (0–6) = +43

Takeaway: No detractors among the 7 respondents, and NPS is +43—an encouraging first signal. This is our baseline; last year’s Google Form used different questions and is not comparable.

Exit Feedback: Building on What We Started

What we implemented

We moved the exit survey into our HRIS and introduced new questions, including the 0–10 NPS scale.

What we learned

Technical reporting and survey timing limited what we could learn. Employees also raised communication, workload and compensation as areas to keep exploring.

Where we go next

Correct the reporting, reach employees earlier, and share how feedback informs changes. Use validated findings to guide supervisor support and track progress.

We have a stronger foundation. Our focus now is making the feedback useful—and showing employees how it helps us improve.

MAGNOLIA PUBLIC SCHOOLS

New Hire Check In

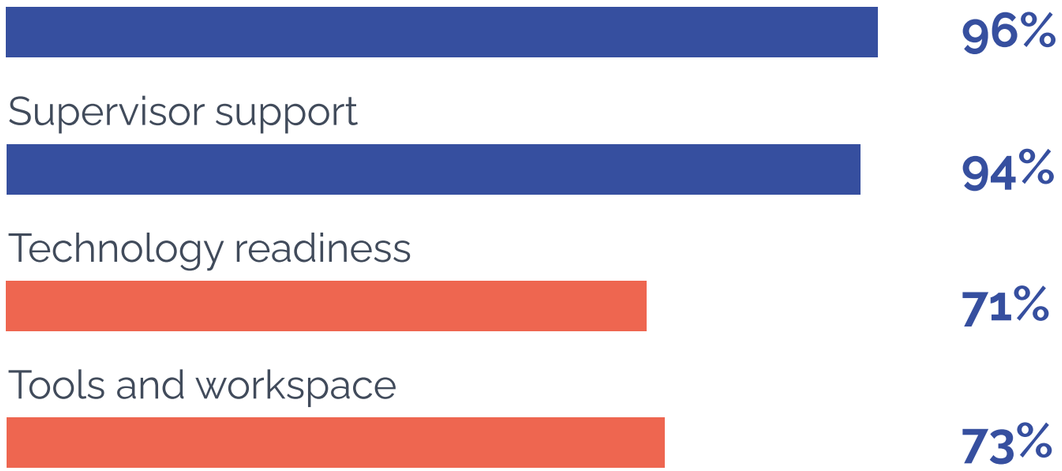
30 Day Survey

NEW HIRE SURVEY SNAPSHOT

A strong welcome, with training and readiness gaps to address

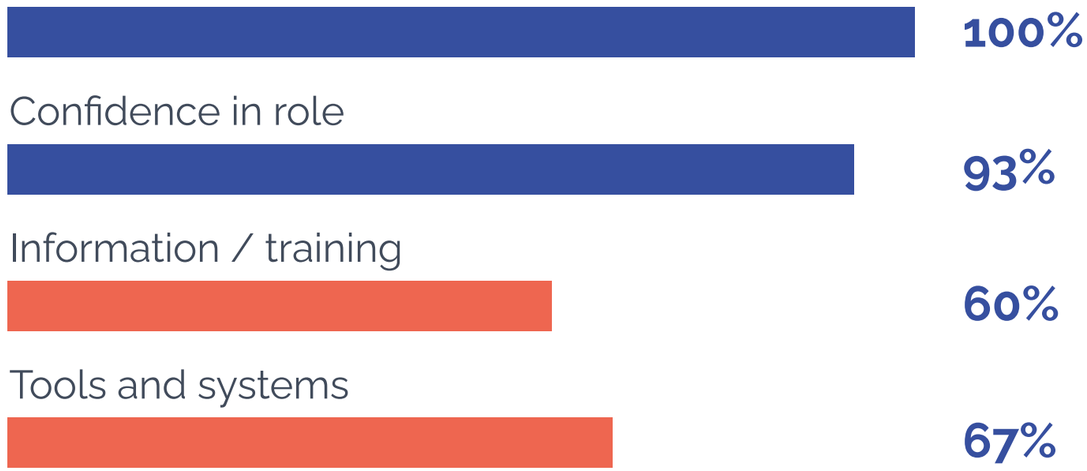
WELCOME EXPERIENCE - week 1

76.1% response rate | 51 respondents out of 67



30-DAY EXPERIENCE

25.4% response rate | 15 respondents out of 59



PRIORITY FOLLOW-UP

Strengthen day-one technology and resources, clarify role-specific training, and use check-ins to encourage survey completion.

NEXT STEPS: NEW HIRE EXPERIENCE

Build on a strong welcome by improving readiness, training, and survey participation.

SCHOOL SITES

Confirm day-one readiness

Check technology access, materials, and workspace before staff begin. Resolve gaps with IT and Operations.

Clarify role-specific training

Use early check-ins to identify training needs, explain expectations, and connect staff with support.

Encourage survey completion

Make surveys part of check-ins so each leader can better understand how to support new staff.

PEOPLE & CULTURE

Add surveys to the new hire website

Include survey completion as an orientation task on the upcoming website, with reminders.

Share effective site practices

Aggregate results by site to identify what works and share those practices across the MPS network.

Review progress over time

Track completion and readiness ratings in future surveys, using this first collection as the baseline.

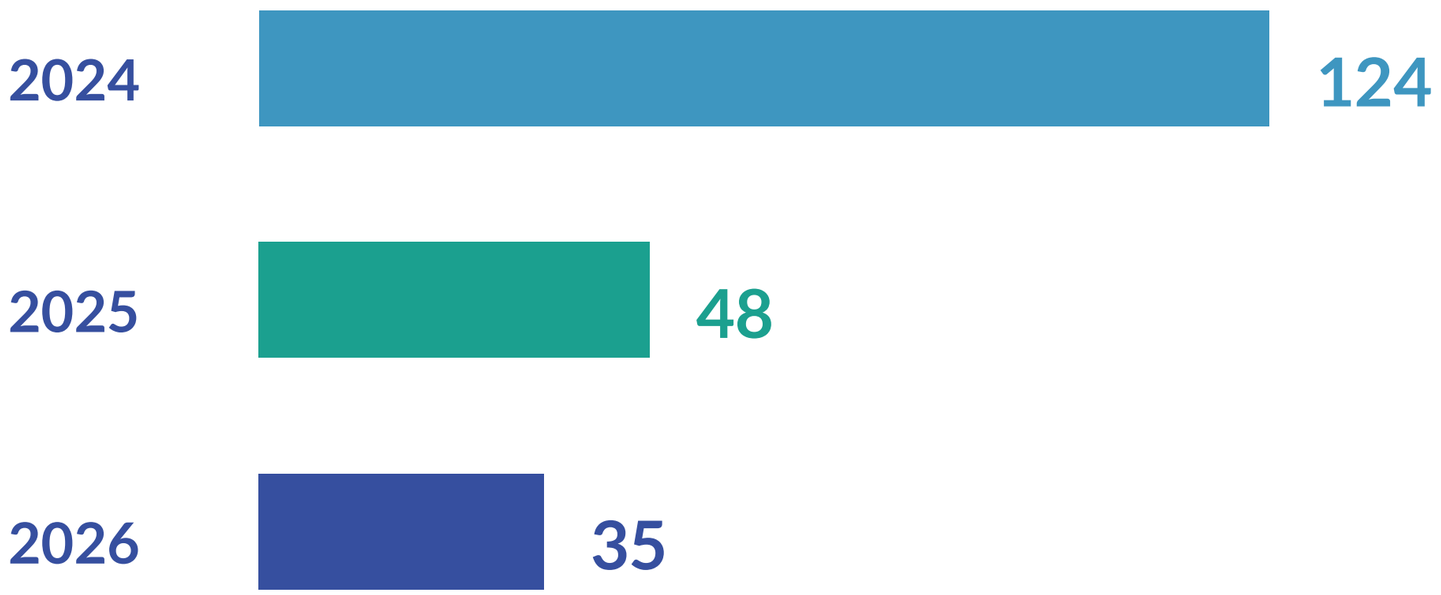
MAGNOLIA PUBLIC SCHOOLS

TIME TO FILL

Breakdown

ORGANIZATION WIDE TIME TO FILL

Days to fill • estimated from source chart



Time to fill fell ≈61% in 2025 and ≈27% in 2026.

Overall: approximately 89 fewer days than 2024 (72% reduction)

Values estimated from the source chart. Exact values and the calculation method need confirmation.

Why Time to Fill Matters

Shorter vacancies help protect continuity for students, reduce the additional workload on existing staff, and give school leaders more time to focus on instruction and staff support.

We want to fill vacancies promptly while keeping hiring thorough and finding people who are a good fit for our schools. We will also track whether new employees stay and feel prepared for their roles.

TIME TO FILL PER SITE

Eight of 11 sites filled positions more quickly in 2026 than in 2025. MSA-3, MSA-6 and MSA-7 took longer. Lower numbers mean faster hiring.

School	2024 days	2025 days	2026 days	Change vs. 2025
MSA-1	107	100	48	-52 days
MSA-2	62	57	24	-33 days
MSA-3	43	80	130	+50 days
MSA-4	141	110	52	-58 days
MSA-5	31	64	27	-37 days
MSA-6	82	35	43	+8 days
MSA-7	27	47	73	+26 days
MSA-8 Bell	39	55	28	-27 days
Anaheim	0	22	17	-5 days
San Diego	38	83	26	-57 days
Santa Ana	46	52	37	-15 days

Days to fill; lower is faster. Values retained from the existing chart. Negative change means faster hiring.

Reaching More Candidates

During the four-month LinkedIn pilot, applicant counts increased in 24 of 25 posting periods.

PILOT: PAID POSTS + PROACTIVE OUTREACH

Two paid job slots, personalized outreach, and Recruiter/Hiring Assistant sourcing.

24 of 25
posting periods saw applicant growth

45,000
job impressions

289
Apply clicks

APPLICANTS BEFORE → AFTER PAID POSTS[1]

MSA 2 • Biology Teacher	0	→	44
MSA 6 • Math Teacher	1	→	20
MSA 1 • Spanish Teacher	15	→	24

Larger applicant pools support hiring; the pilot does not isolate LinkedIn's impact on time to fill.

NEXT: EXPAND + MEASURE

1. **Expand to all vacancies**
   Build a full LinkedIn partnership to promote openings across MPS.
2. **Connect Paycom**
   Complete integration to automate posting and track applicants through hire.
3. **Improve and review**
   Refine job posts; review qualified applicants, hires, and time to fill by site.

MAGNOLIA PUBLIC SCHOOLS

WORKFORCE DEMOGRAPHICS

Representation, development and workforce planning

What Our Demographics Are Telling Us

Seeing our students in our staff

Hispanic/Latino staff representation grew to 50.3%; students are 75.3%. Black staff representation fell from 6.4% to 4.5%; students are 6.3%. Asian staff representation held at 9.3%; students are 5.1%. We want to understand these patterns and strengthen our recruitment and retention efforts.

Growing our future leaders

Women are 63.2% of our staff and 44.4% of administrators, up from 40.5%. We are making progress. We want to help more women prepare for leadership through mentoring, development and opportunities to grow.

Supporting growth and sharing what we know

25.3% of staff are under 30, compared with 26.8% in 2024–25. Strong onboarding, practical training and mentors matter as people join Magnolia. We also want colleagues to share effective practices and document what they know so that knowledge stays with us when people change roles or leave.

Preliminary data through October 1, 2026. Official census: October 7. Comparison baseline: 2024–25.

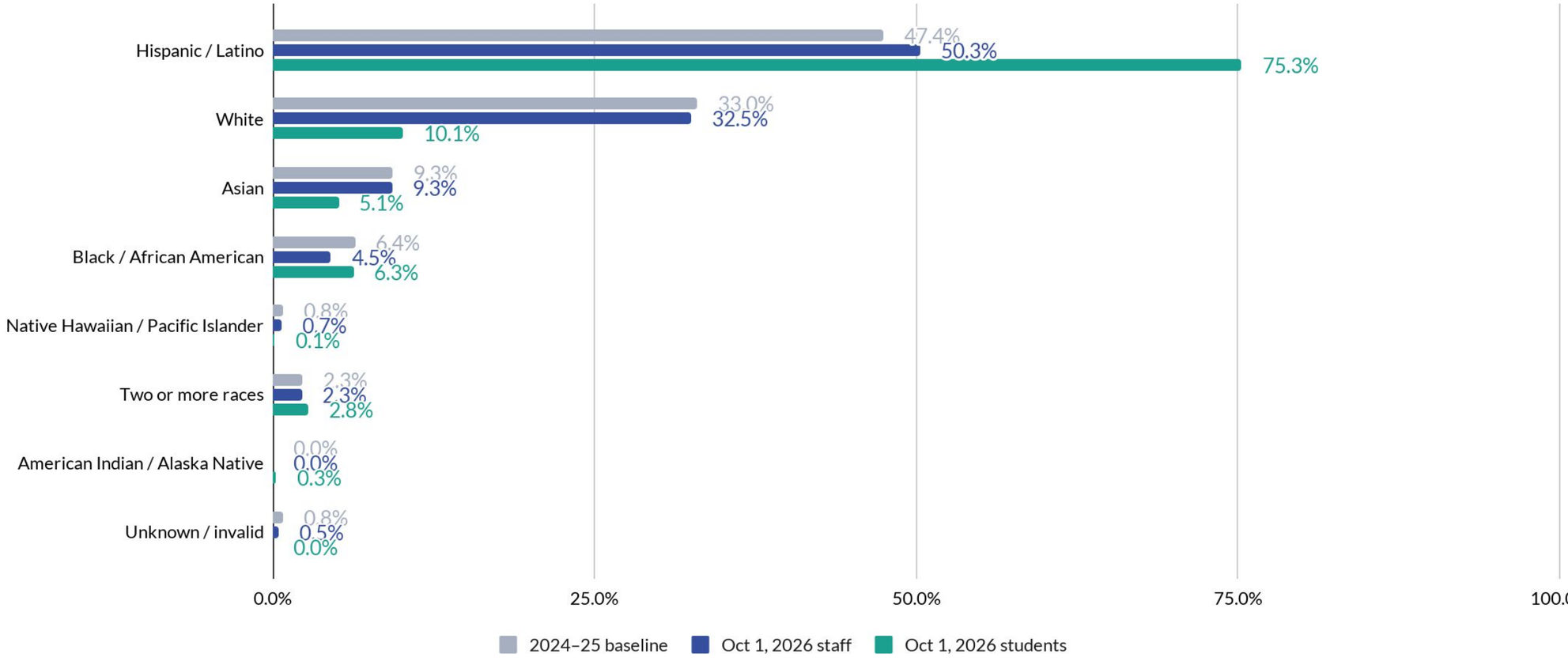
MAGNOLIA PUBLIC SCHOOLS

ETHNICITY

Representation alongside our students

Ethnicity: Org-wide

443 staff as of October 1, 2026 Student benchmark: 4,079 students

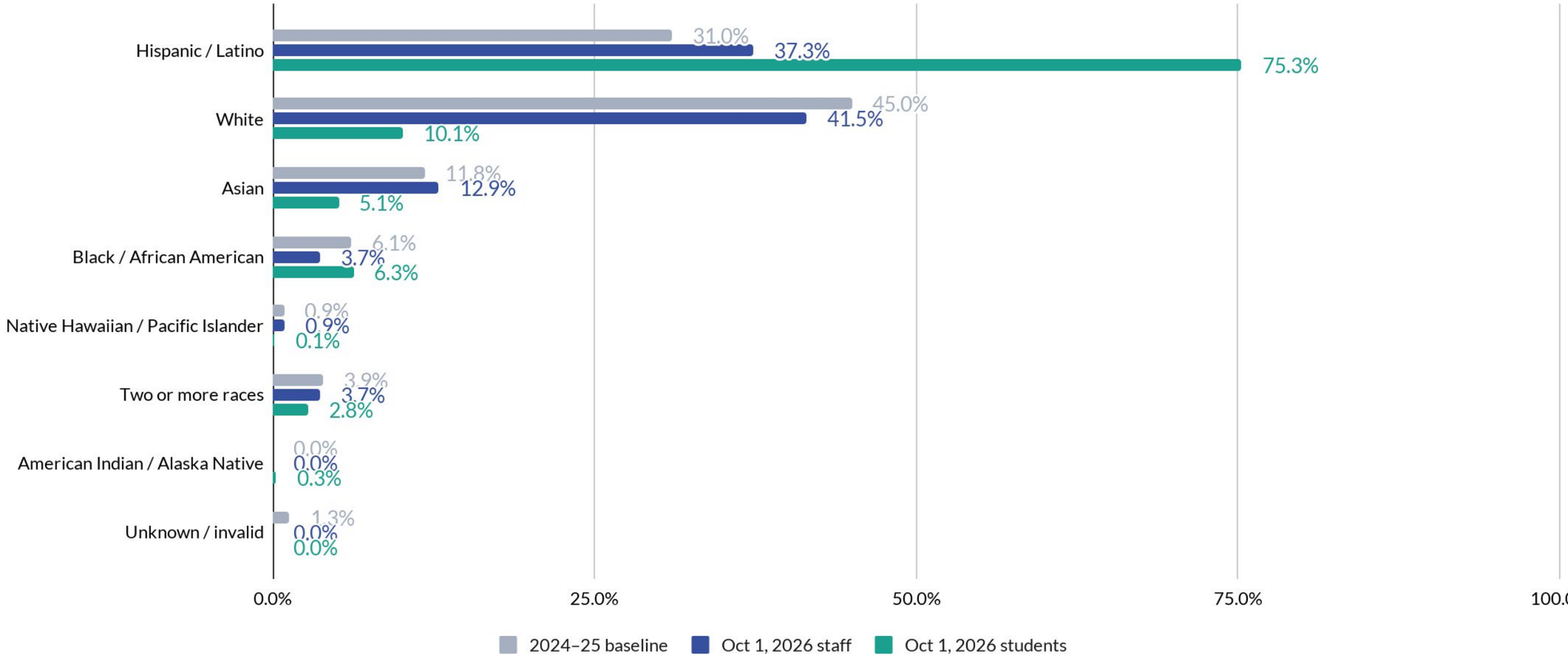


Hispanic/Latino representation is 50.3% of staff and 75.3% of students. Staff share rose 2.9 percentage points from the 2024–25 baseline. A gap of 25.0 percentage points remains.

Preliminary Oct 1, 2026. Official census Oct 7. Comparison baseline: 2024–25 reported data. Student data: Accountability team's preliminary Oct 1 snapshot.

Ethnicity: Teachers

217 staff as of October 1, 2026 Student benchmark: 4,079 students

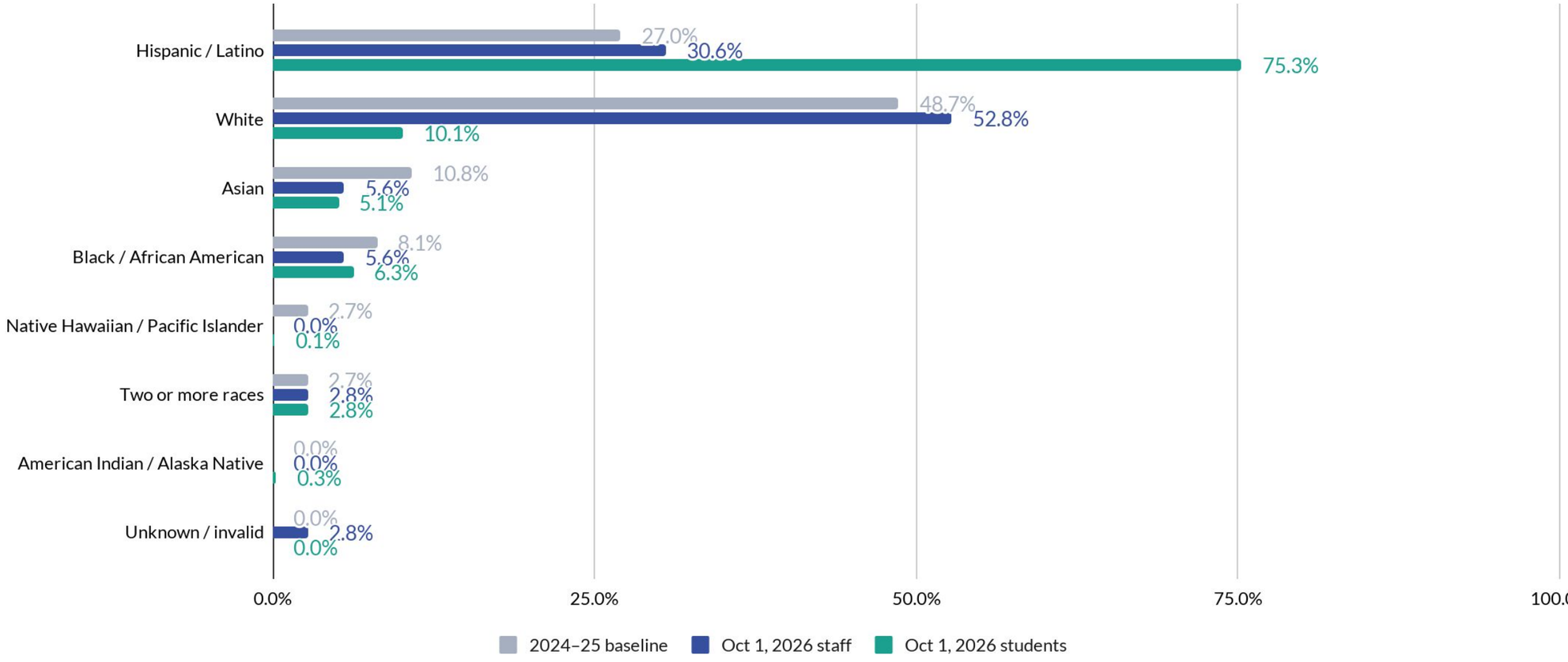


Hispanic/Latino teachers make up 37.3% of the group, compared with 31.0% in 2024–25 and 75.3% of current students. We want to strengthen our teacher recruitment efforts.

Preliminary Oct 1, 2026. Official census Oct 7. Comparison baseline: 2024–25 reported data. Student data: Accountability team's preliminary Oct 1 snapshot.

Ethnicity: Administrators

36 staff as of October 1, 2026 Student benchmark: 4,079 students

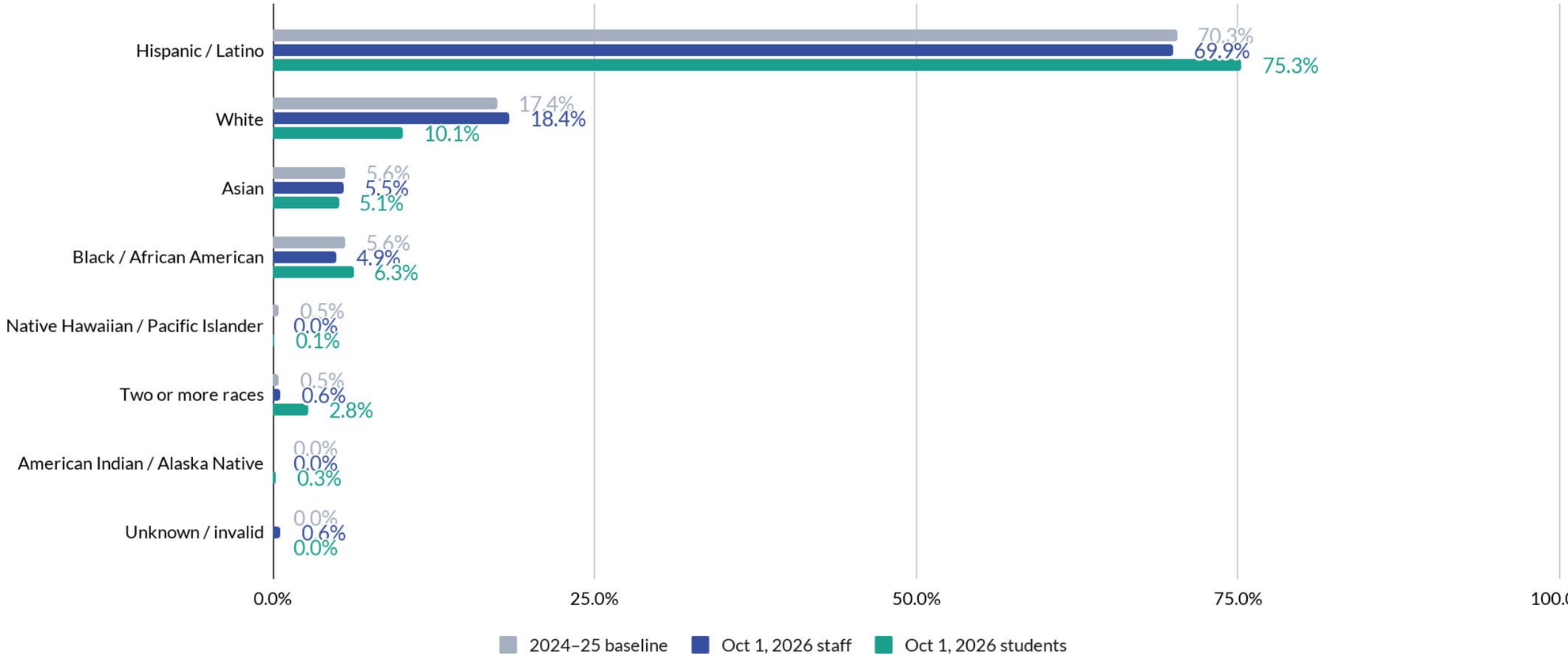


Hispanic/Latino employees make up 30.6% of administrators; current students are 75.3% Hispanic/Latino. One ethnicity record needs correction and is included as unknown.

Preliminary Oct 1, 2026. Official census Oct 7. Comparison baseline: 2024–25 reported data. Student data: Accountability team's preliminary Oct 1 snapshot.

Ethnicity: Classified

163 staff as of October 1, 2026 Student benchmark: 4,079 students

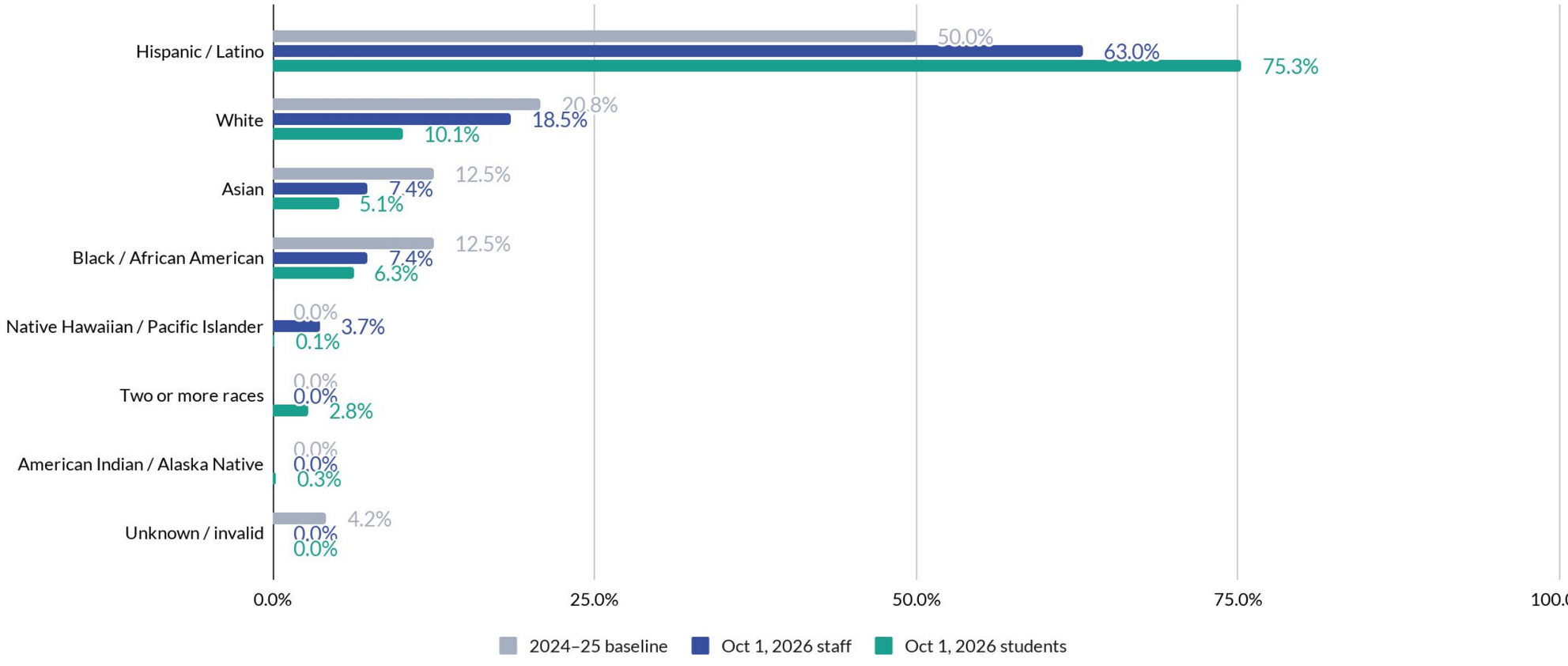


Hispanic/Latino representation is 69.9% among classified staff, close to the 70.3% historical baseline and below the current student share of 75.3%.

Preliminary Oct 1, 2026. Official census Oct 7. Comparison baseline: 2024–25 reported data. Student data: Accountability team's preliminary Oct 1 snapshot.

Ethnicity: Non-Classroom

27 staff as of October 1, 2026 Student benchmark: 4,079 students



Hispanic/Latino staff make up 63.0% of this group, compared with 50.0% in 2024–25. There are only 27 employees, so a few people can noticeably change the percentages.

Preliminary Oct 1, 2026. Official census Oct 7. Comparison baseline: 2024–25 reported data. Student data: Accountability team's preliminary Oct 1 snapshot.

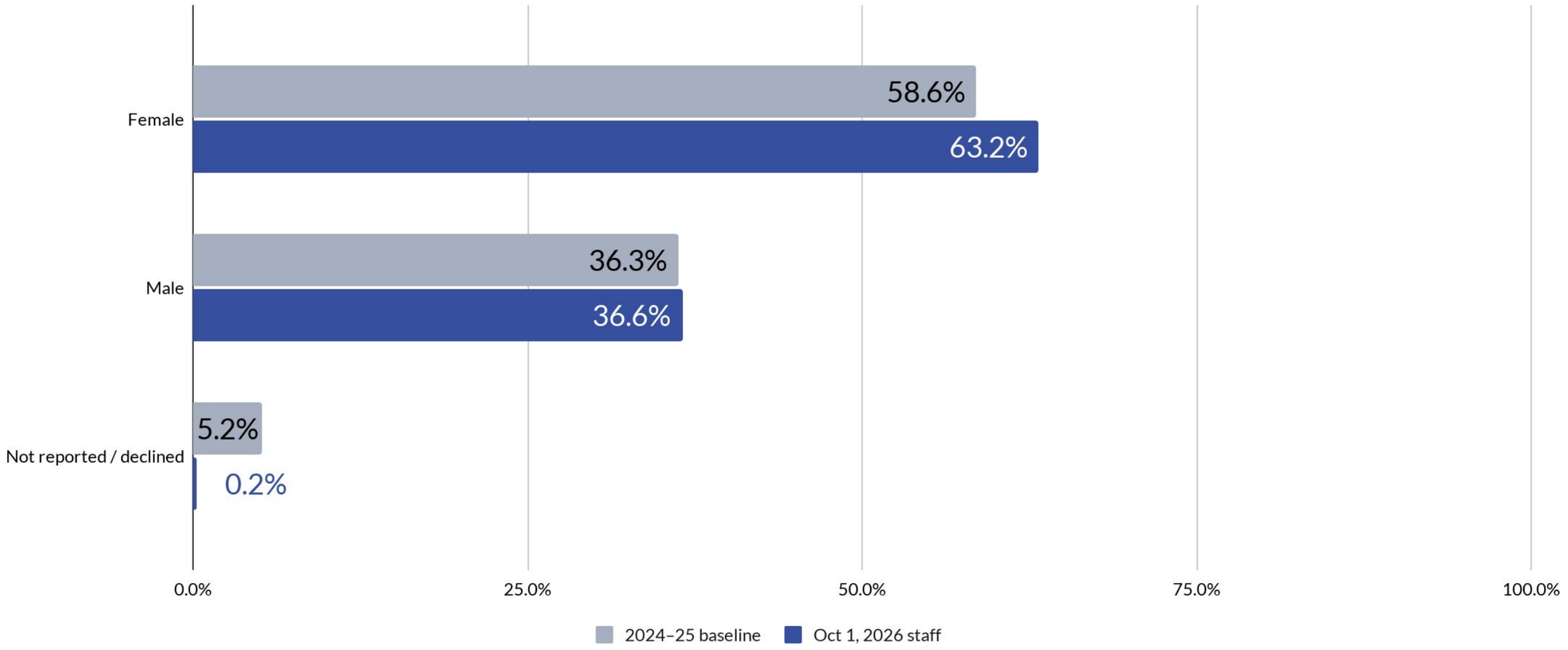
MAGNOLIA PUBLIC SCHOOLS

GENDER

Current workforce composition and historical change

Gender: Org-wide

443 staff as of October 1, 2026

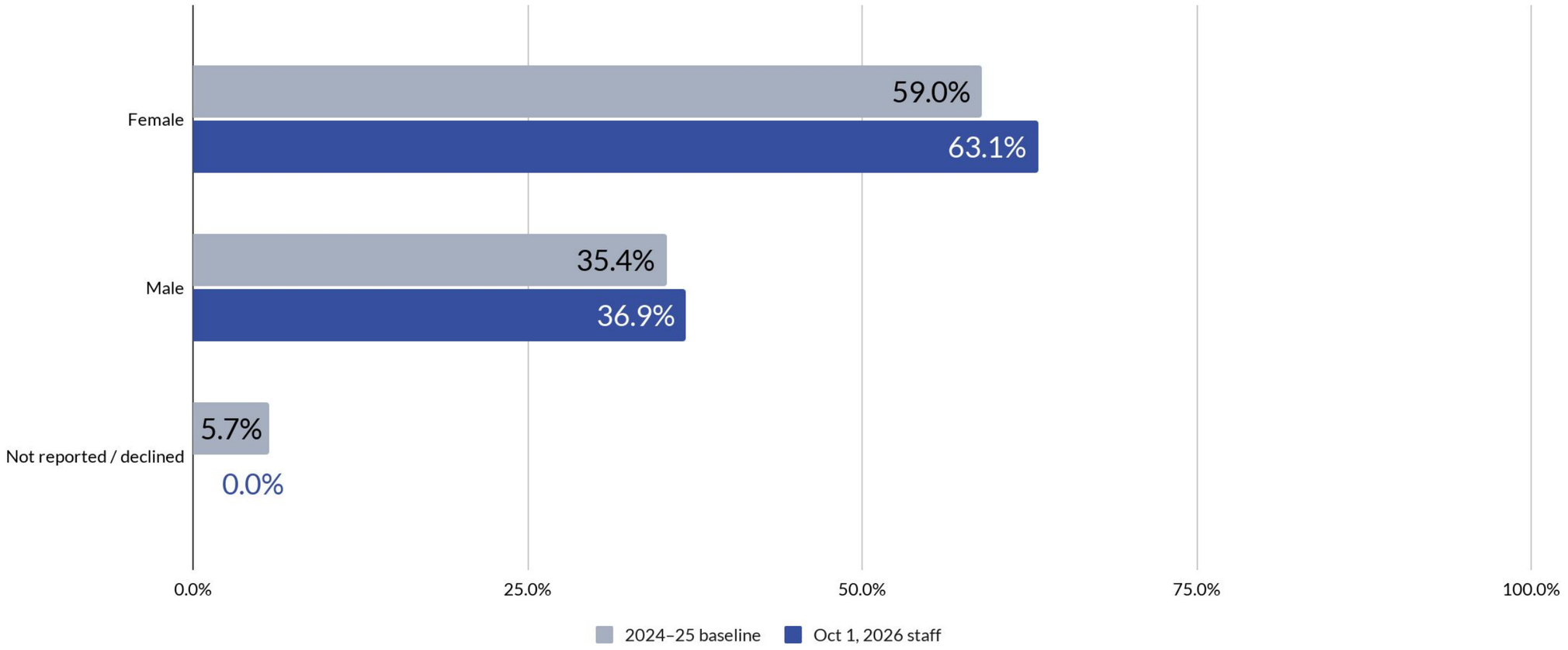


Women make up 63.2% of staff, compared with 58.6% in 2024–25. Of 4,079 students, 1,961 are female, 2,115 male, 2 nonbinary, and 1 has no reported gender.

Preliminary Oct 1, 2026. Official census Oct 7. Comparison baseline: 2024–25 reported data. Historical declined and unspecified combined.

Gender: Teachers

217 staff as of October 1, 2026

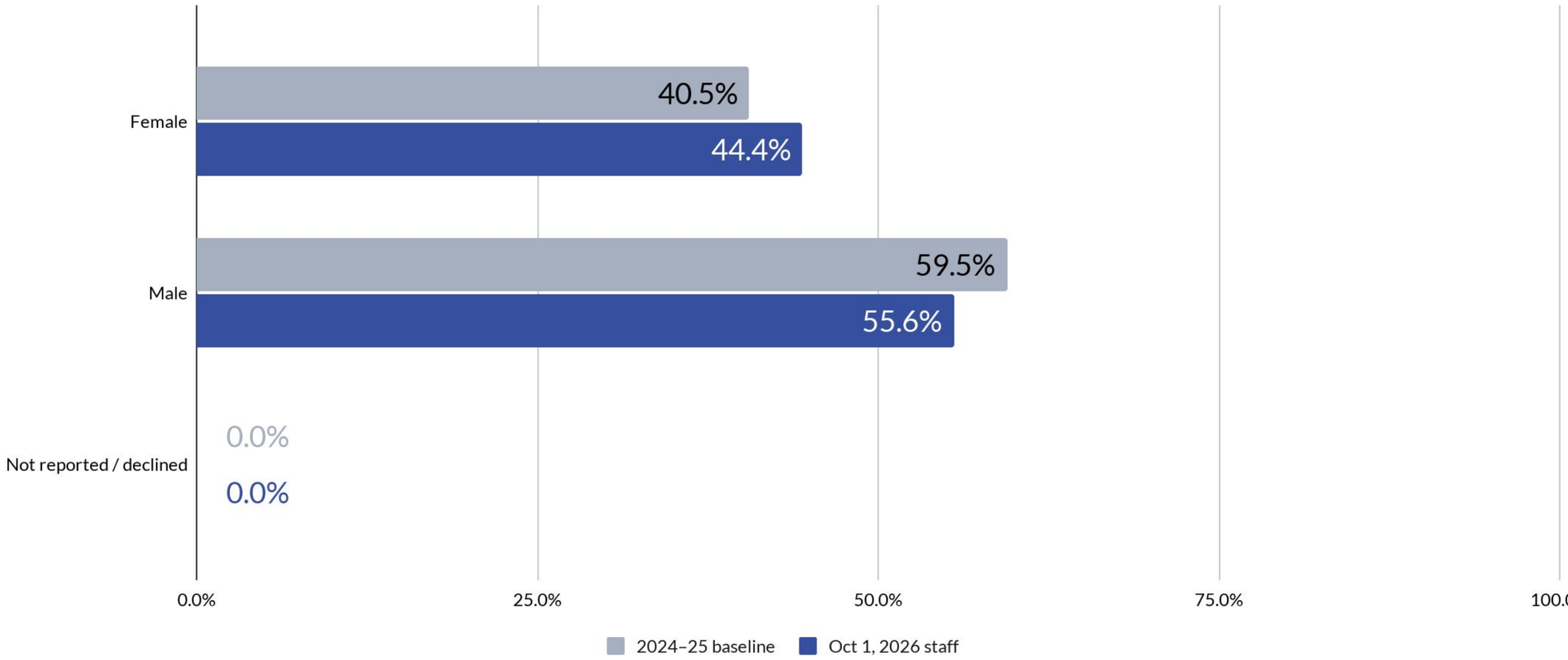


Women make up 63.1% of teachers, compared with 59.0% in 2024–25. These figures show how the teacher group has changed; they do not explain the reasons for the change.

Preliminary Oct 1, 2026. Official census Oct 7. Comparison baseline: 2024–25 reported data. Historical declined and unspecified combined.

Gender: Administrators

36 staff as of October 1, 2026

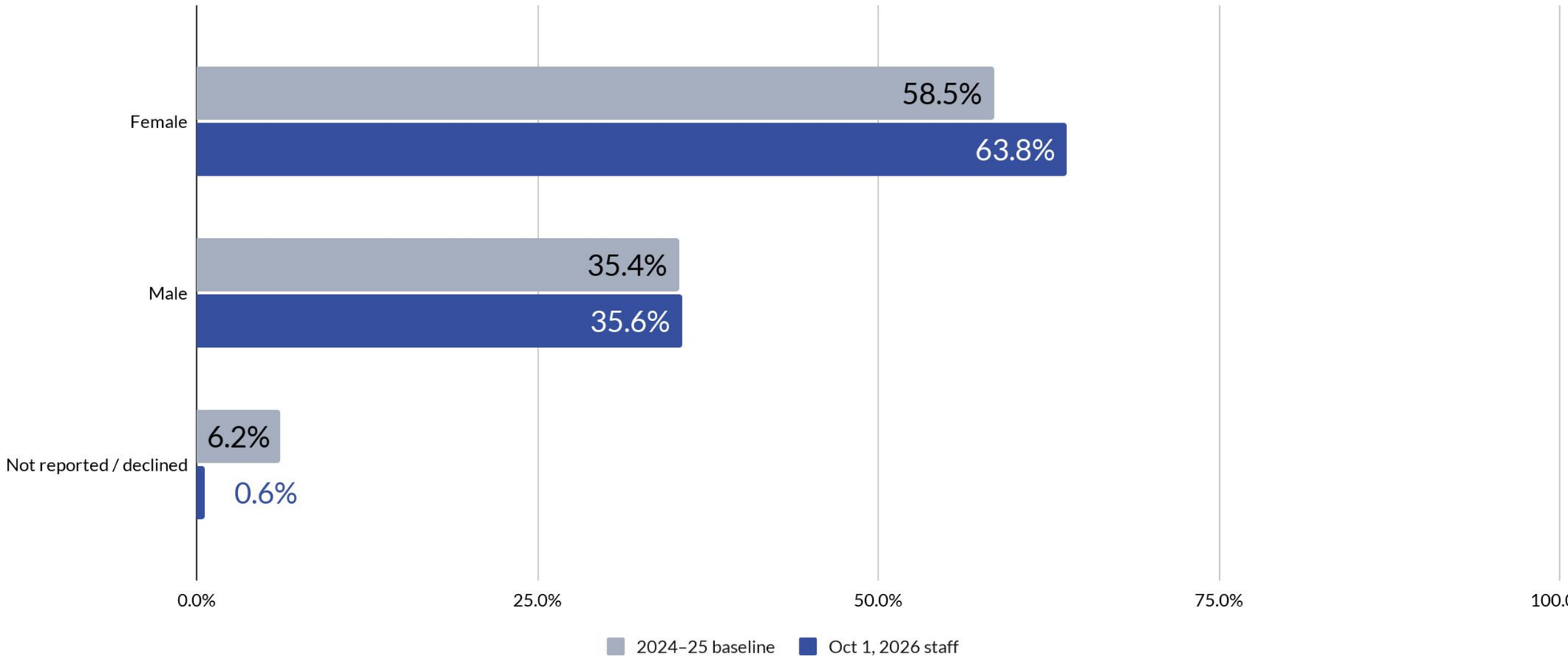


Women make up 44.4% of administrators, compared with 40.5% in 2024–25. This group includes 36 employees and does not separately identify principals or C-team.

Preliminary Oct 1, 2026. Official census Oct 7. Comparison baseline: 2024–25 reported data. Historical declined and unspecified combined.

Gender: Classified

163 staff as of October 1, 2026

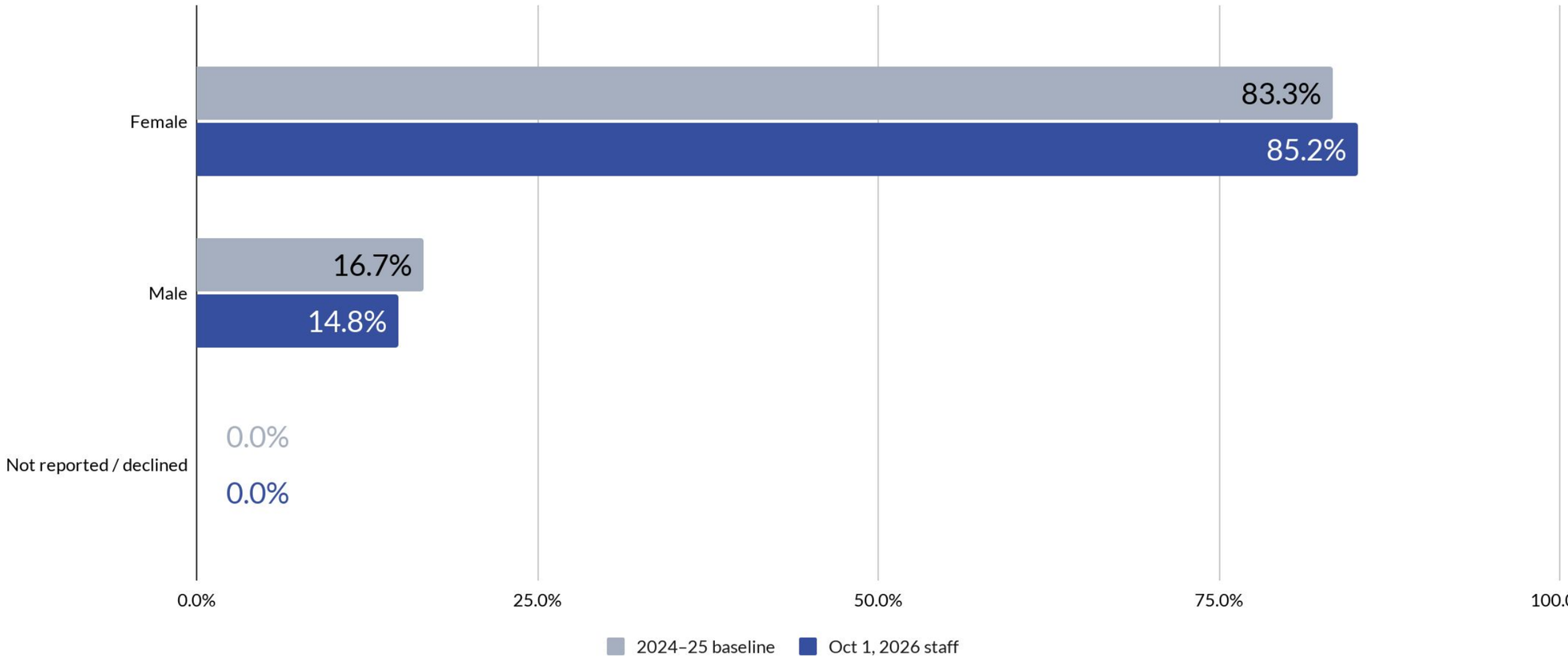


Classified staff are 63.8% female, compared with 58.5% in the historical baseline. One staff record has an unspecified gender.

Preliminary Oct 1, 2026. Official census Oct 7. Comparison baseline: 2024–25 reported data. Historical declined and unspecified combined.

Gender: Non-Classroom

27 staff as of October 1, 2026



Non-classroom staff are 85.2% female, compared with 83.3% in the historical baseline. This small group includes 27 employees.

Preliminary Oct 1, 2026. Official census Oct 7. Comparison baseline: 2024–25 reported data. Historical declined and unspecified combined.

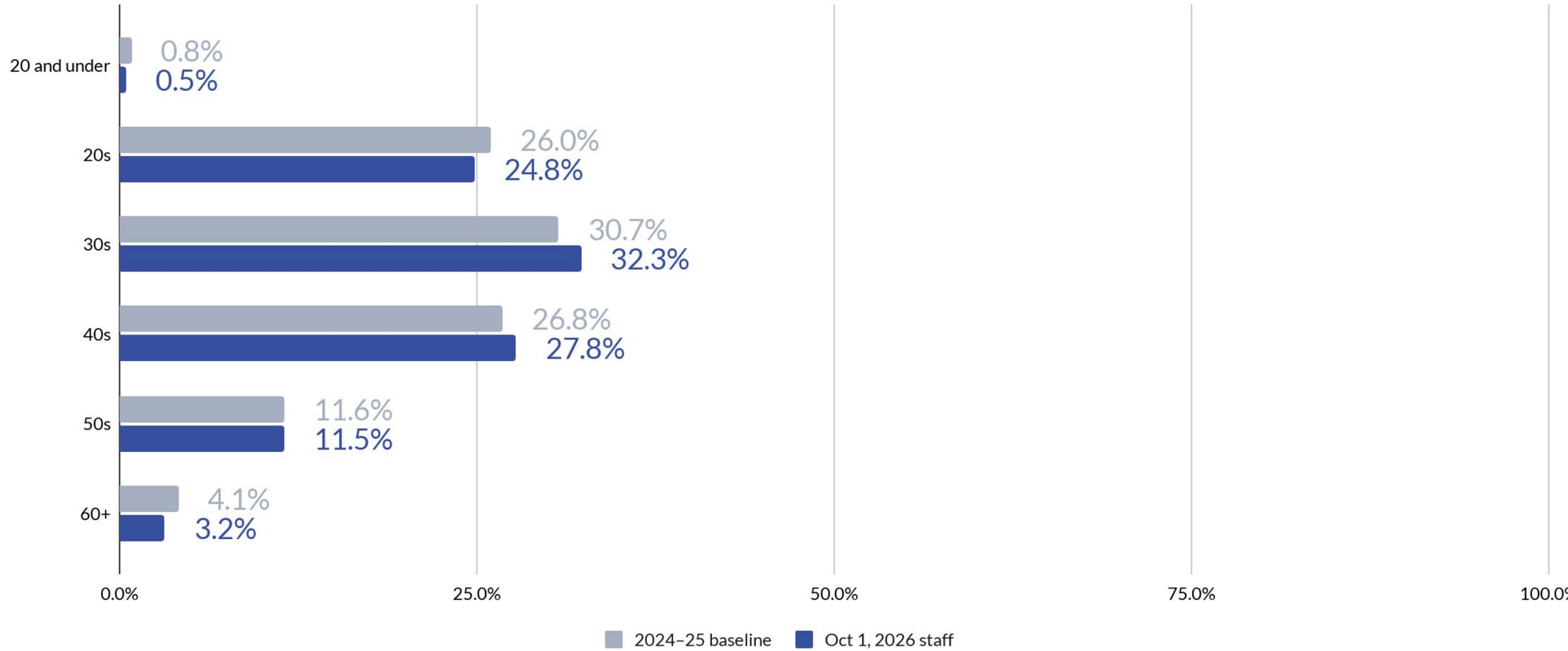
MAGNOLIA PUBLIC SCHOOLS

AGE

Workforce experience and planning

Age: Org-wide

443 staff as of October 1, 2026

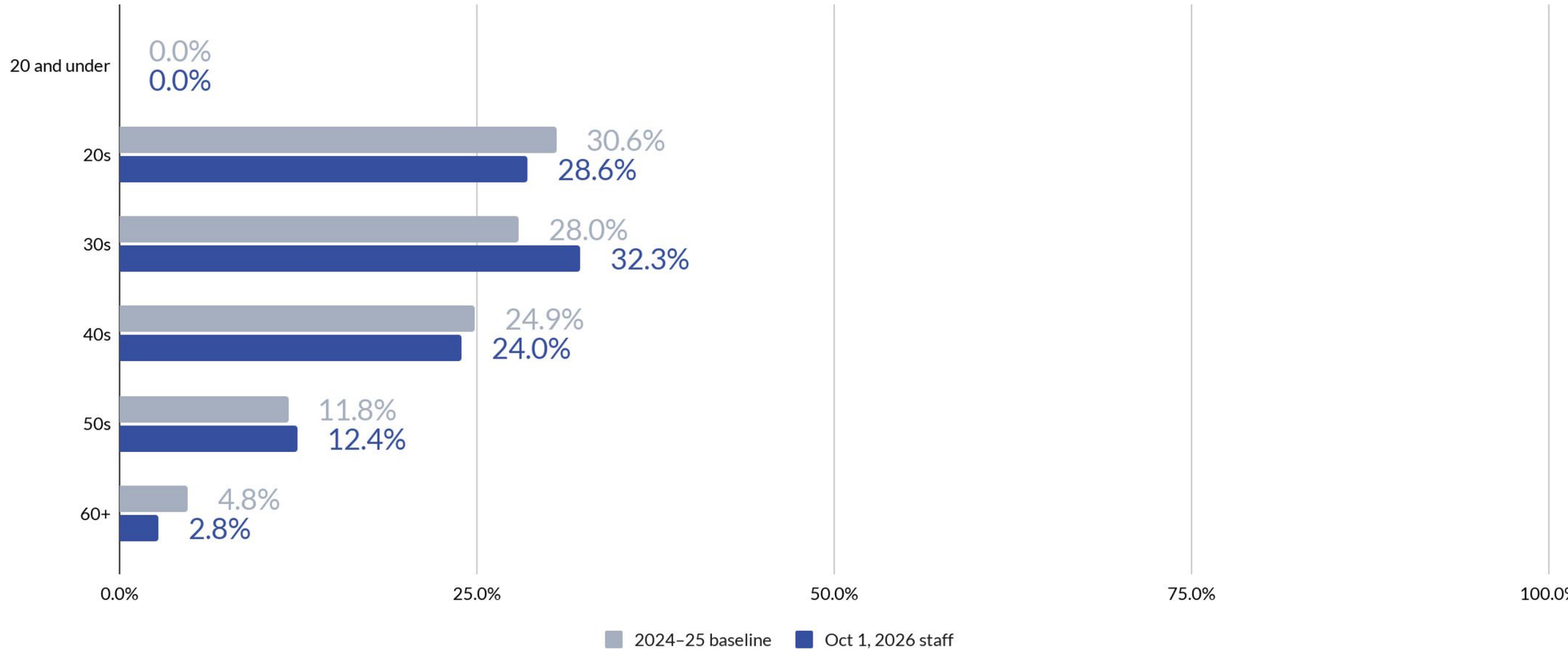


60.0% of staff are in their 30s and 40s. Mentoring and sharing effective practices can support staff across age groups. Career plans and experience should guide development and retirement planning.

Preliminary Oct 1, 2026. Official census Oct 7. Comparison baseline: 2024–25 reported data. Source age bands reproduced.

Age: Teachers

217 staff as of October 1, 2026

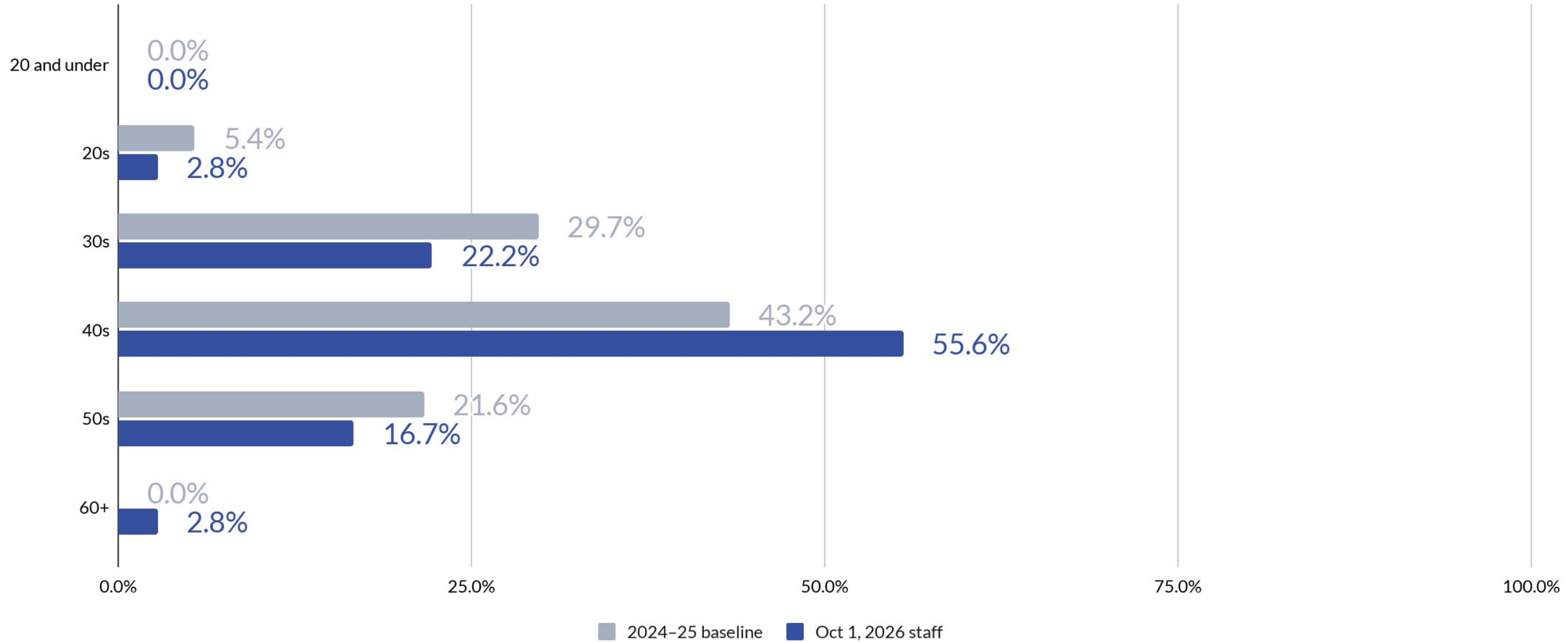


60.8% of teachers are in their 20s and 30s. Strong onboarding, mentoring and instructional support matter at every age; age alone does not tell us who is new to teaching.

Preliminary Oct 1, 2026. Official census Oct 7. Comparison baseline: 2024–25 reported data. Source age bands reproduced.

Age: Administrators

36 staff as of October 1, 2026

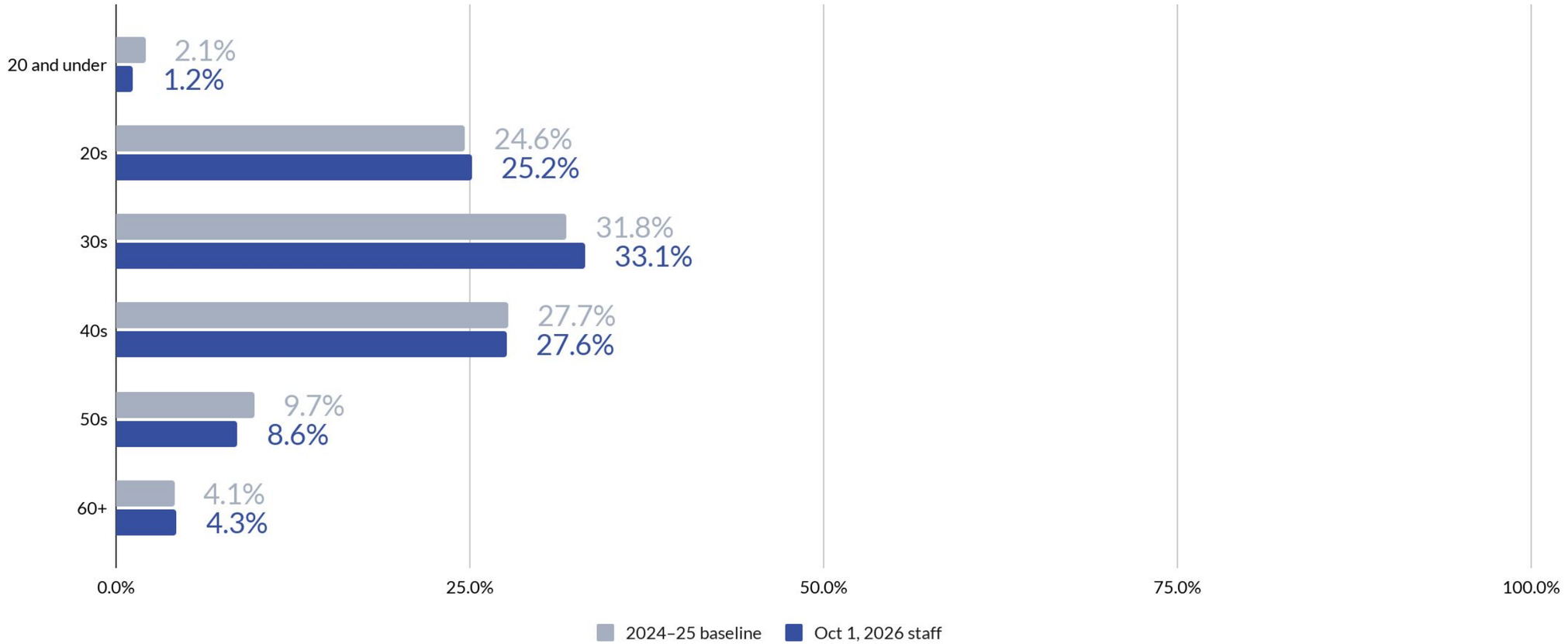


72.2% of administrators are in their 40s and 50s. We want to prepare future leaders and share knowledge across roles. Retirement timing should be based on employees' plans, not age alone.

Preliminary Oct 1, 2026. Official census Oct 7. Comparison baseline: 2024–25 reported data. Source age bands reproduced.

Age: Classified

163 staff as of October 1, 2026

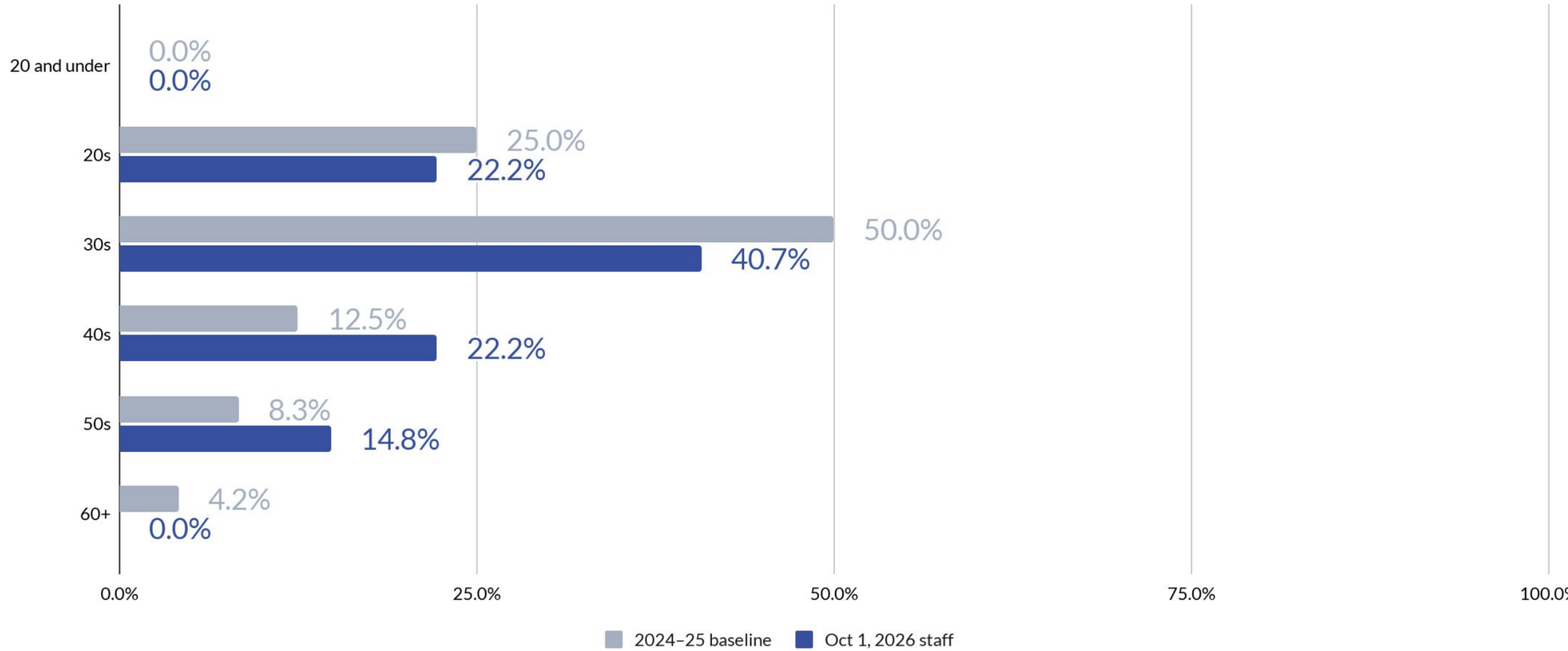


60.7% of classified staff are in their 30s and 40s. Cross-training and documenting key processes can help teams keep important knowledge when employees move or leave.

Preliminary Oct 1, 2026. Official census Oct 7. Comparison baseline: 2024–25 reported data. Source age bands reproduced.

Age: Non-Classroom

27 staff as of October 1, 2026



40.7% of non-classroom staff are in their 30s, compared with 50.0% in 2024–25. With just 27 employees, small changes in headcount can noticeably change the percentages.

Preliminary Oct 1, 2026. Official census Oct 7. Comparison baseline: 2024–25 reported data. Source age bands reproduced.

MAGNOLIA PUBLIC SCHOOLS

MANDATORY TRAININGS

100% completion by August 31, 2026

Mandatory Trainings: 100% Complete

100% COMPLETION

2026–27 Mandatory Trainings

All MPS employees completed the required mandatory trainings by August 31, 2026.

Compliance record for authorizers

This milestone documents mandatory training compliance and reinforces our commitment to safe, supportive learning environments for students and staff.

SCHOOL	Completion	Completed by
MSA-1	100%	8/31/2026
MSA-2	100%	8/31/2026
MSA-3	100%	8/31/2026
MSA-4	100%	8/31/2026
MSA-5	100%	8/31/2026
MSA-6	100%	8/31/2026
MSA-7	100%	8/31/2026
MSA-Bell	100%	8/31/2026
MSA-Santa Ana	100%	8/31/2026
MSA-San Diego	100%	8/31/2026
MSA-Anaheim	100%	8/31/2026

OUR PEOPLE, OUR PURPOSE

Data tells our story.
Action defines our impact.
Together, we're building a stronger Magnolia.

Coversheet

Approval of 2026-27 Compliance Monitoring and Certification of Board Compliance Review for MSA–4, 6, 7, Bell, and Santa Ana

Section: IV. Consent Items
Item: A. Approval of 2026-27 Compliance Monitoring and Certification of Board Compliance Review for MSA–4, 6, 7, Bell, and Santa Ana
Purpose: Vote
Submitted by:
Related Material:
IV.A Compliance Monitoring and Certification of Board Compliance Review.pdf

Agenda Item:	IV.A Consent Item
Date:	October 8, 2026
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools ("**MPS**") Board of Directors (the "**Board**")
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead(s):	David Yilmaz, Chief Accountability Officer
RE:	Approval of 2026-27 Compliance Monitoring and Certification of Board Compliance Review for MSA-4, 6, 7, Bell, and Santa Ana

Action Proposed:

I move that the Board approve the 2026-27 Compliance Monitoring and Certification of Board Compliance Review for MSA-4, 6, 7, Bell, and Santa Ana.

Purpose:

This is an **annual item** that the Board must approve for our LAUSD-authorized MPS schools (MSA-4, 6, 7, and Bell) and our State Board of Education (SBE)-authorized school (MSA-Santa Ana).
The document certifies that the charter school meets all compliance requirements indicated within.

- For LAUSD-authorized schools, the form provides the **LAUSD Charter Schools Division (CSD)** with important information to support oversight.
- For our SBE-authorized school, the form provides the **California Department of Education (CDE) Charter Schools Division (CSD)** with important information to support oversight.

Background:

Both **LAUSD** and the **SBE** require an annual certification to be approved by each charter school's board and submitted with the approved board agenda and minutes. By signing, the Board Chair certifies that the Governing Board has reviewed the school's compliance-related policies, systems, and procedures.

- For LAUSD-authorized schools, the **Charter Schools Division (CSD)** reviews compliance documentation during oversight visits and may request supporting documentation at any time.
- For SBE-authorized schools, the **California Department of Education (CDE)** conducts oversight in the same way and reserves the right to request supporting documentation at any time.

Analysis:

The **CDE** has listed **19 areas of compliance requirements** for review, ranging from teacher credentials to obtaining WASC accreditation, along with examples of supporting documentation for each item (see attachment).

MSA–Santa Ana has all required supporting documentation—some posted on the school website (e.g., Board member roster, Parent/Student Handbook, Bylaws, Conflict of Interest Policy, Complaint Form, UCP, PRA, Safety Plan) and others kept on file (e.g., teacher credential template, DOJ/TB clearances, Brown Act training). We work with our assigned CDE specialist to submit any requested documents. The MSA–Santa Ana principal has already signed the attached certification confirming the school's review of compliance-related policies, systems, and procedures. In support of the school, the Home Office also oversees and ensures that MSA–Santa Ana meets all compliance requirements.

The **LAUSD** has listed **46 areas of compliance requirements** for review, ranging from employee background and TB clearances to obtaining WASC accreditation and UC Doorways course approval (see attachment). MSA–4, 6, 7, and Bell have all required supporting documentation—some posted on the school websites and others kept on file, similar to the categories listed above. We also work with our assigned LAUSD specialist to submit any requested documents.

Last year's document included 44 areas of compliance. This year, **two new requirements** have been added. Principals of MSA–4, 6, 7, and Bell have already signed the attached certifications confirming that their schools have reviewed all compliance-related policies, systems, and procedures, including the two new requirements. The Home Office also oversees and ensures that these schools meet all compliance items.

Two New Compliance Requirements:

45. Regular board members receive training in K-12 public education school finance laws and budget governance per AB 640 (Ed. Code § 35220, *et seq*).	Training materials and sign-ins.	☑	☐	☑
46. By July 1, 2027, adopt CDE's model policy or create/update student discipline policy with stakeholders' input, regarding handling off-campus cyberbullying per AB 772 (Ed Code §§ 234.41.)	Cyberbullying Policy	☑	☐	☑

Impact:

It is part of the Board's fiduciary governance responsibility to ensure that all MPS schools comply with applicable laws and requirements as indicated on the attached forms. Upon Board review and approval, the Governing Board Chair must sign the certifications—one for **MSA–Santa Ana** (to be submitted to the CDE) and **separate certifications for MSA–4, 6, 7, and Bell** (to be submitted to LAUSD).

Budget Implications:

N/A

Committee Recommendations:

N/A

Exhibits:

1. MSA-4 Compliance Monitoring 2026-27 (board)
2. MSA-6 Compliance Monitoring 2026-27 (board)
3. MSA-7 Compliance Monitoring 2026-27 (board)

4. MSA-Bell Compliance Monitoring 2026-27 (board)
5. MSA-Santa Ana Compliance Monitoring 2026-27 (board)

CHARTER SCHOOL COMPLIANCE MONITORING
2026-2027
ATTACHMENT E

Pursuant to its chartering oversight duties set forth in the Charter Schools Act (see e.g., Ed. Code, § 47604.32), the LAUSD, through the Charter Schools Division (CSD), monitors each charter school's compliance with applicable legal, charter, and policy requirements. To this end, the CSD's oversight process encompasses three important actions by each charter school:

(1) School Administrator's Certification: As the CSD continues its focus on ensuring that the well-being of students remains first and foremost, **by Friday, October 16, 2026**, as part of the school's triannual electronic submission of documents, we request that the **school site administrator** submit the attached certification confirming the school's implementation of safety measures at the beginning of the school year. This beginning of the year certification by the school administrator informs the governing board and supports the school in ensuring that critical organizational and management systems are in place as the school year begins, as these requirements greatly impact students, staff, and the public. **Please submit the entire document to the CSD via Dropbox with *only* the school administrator's columns completed, along with the administrator's signature no later than Friday, October 16, 2026.**

(2) Certification of Board Compliance Review: As in previous years, and as part of the Governing Board's fulfillment of its fiduciary governance responsibility to ensure that the charter school complies with all applicable laws and other requirements, it is critical that the school's Governing Board periodically review, discuss, monitor, and modify, if necessary, the school's policies and systems for compliance with such requirements. **Please complete and sign the *final* certification at the end of the attached document, *Compliance Monitoring and Certification of Board Compliance Review 2026-2027*, and return the entire document including the administrator's certification from the first submission. Please include the relevant Board agenda(s) as evidence of the Governing Board's review of these items and submit to the CSD via Dropbox no later than January 8, 2027.**

The CSD is very much aware and acknowledges that governing boards provide fiduciary oversight and hires a leader (or leaders) to execute day-to-day operations and appropriately delegated functions. Moreover, the charter school's governing board is the first line of charter school oversight. As part of the District's oversight process, this certification is intended to serve as a formal acknowledgement from charter school governing boards of their review and appropriate due diligence in these key areas as part of their own organizational oversight function. As stated in the *LAUSD Policy and Procedures for Charter Schools*, "While LAUSD is responsible to provide oversight of its charter schools and the entities managing charter schools, the primary oversight of each charter school must first and foremost be performed by the charter school's own governing board. The governing board of a charter school has an ongoing responsibility to oversee the operations of its charter school(s), ensuring that every charter school it oversees is providing a high-quality educational program for students enrolled, is successfully fulfilling the terms of their charter, is fiscally sound, and complies with applicable laws, regulations, and court orders." This annual certification also provides charter governing boards an opportunity to confirm with their school leadership that systems are/remain in place to fulfill these critical requirements that impact students, staff, and the public.

(3) Documentation of Compliance: As we have historically done, the CSD will review documentation of compliance with several key legal requirements as part of this year's annual performance-based oversight visit to each charter school. To facilitate effective and efficient compliance review on the day of the visit, please adhere to the guidance provided in the *Annual Performance-Based Oversight Visit Preparation Guide 2026-2027* for the preparation of the school's compliance documentation. Please ensure that this documentation is current, complete, and accurate. The "Supporting Documentation" column of the table in

the attached *Compliance Monitoring and Certification of Board Compliance Review 2026-2027* may provide useful support and assistance in this endeavor. Please be reminded that this list is not exhaustive, and it is the responsibility of the charter school and its board to ensure compliance with all applicable legal, charter and District requirements.

We appreciate your continued collaboration and cooperation as we work together so that all youth achieve in healthy and safe environments. Should you have questions, please contact your assigned CSD administrator.

COMPLIANCE MONITORING AND CERTIFICATION OF BOARD COMPLIANCE REVIEW 2026-2027

School Name: MAGNOLIA SCIENCE ACADEMY 4

Administrator Name: ALEXIS LEON

Board President Name: MEKAN MUHAMMEDOV

Charter Management Organization: MAGNOLIA PUBLIC SCHOOLS

LAUSD Loc. Code: 8011

INSTRUCTIONS: This Compliance Monitoring and Certification Checklist needs to be submitted twice but both certifications must be completed on the same form.

First submission should be completed by checking each appropriate box (Compliant **OR** In Process) for all items; school administrator needs to sign and date the certification page and submit all pages no later than October 16, 202 6 via Dropbox.

Second submission needs to be completed by checking each appropriate items 1-39 under the board certification column, Board Chair needs to sign the certification page and submit with supporting documentation including the Board Agenda where checklist was discussed, Board Minutes and Board Agenda approving the minutes no later than January 8, 2027 via Dropbox.

Note: All items should be checked. If an item is not applicable, leave the item blank and identify why it is not applicable in the chart below. Compliance Certification with wet signatures must remain at the school site and be available for review upon request by the oversight team at any time.

Compliance Requirements	Supporting Documentation	SCHOOL ADMIN. BY October 16, 2026		BOARD CERTIFICATION BY JANUARY 8, 2027
		COMPLIANT	REQUIREMENT IN PROCESS	
1. The charter school maintains timely and current verification of **criminal background and TB clearances** for all employees (including substitutes, part-time staff, and temporary employees) and contracting entities (service providers, vendors, and independent contractors). See, e.g., Ed. Code § 47605(c) (5)(F); Ed. Code §§ 45122.1 and 45125.1; Ed. Code § 49406; Ed. Code § 44237.	Documentation that the school has at least one DOJ-confirmed Custodian of Records.	☑	☐	☐
	Completed and signed "Certification of Clearances, Credentialing and Mandated Reporter Training 2026-2027" form	☑	☐	☐

Compliance Requirements	Supporting Documentation			
	Completed and signed "Criminal Background Clearance Certification" for each faculty and staff member to certify criminal background clearance prior to employment.	☑	☐	☐
	Certification of timely DOJ and TB clearances by all contracting entities.	☑	☐	☐
	Documentation of compliance with applicable volunteer clearance requirements, including tuberculosis (TB) risk assessment/clearance requirements. Ed Code § 49406; Health & Safety Code §§ 121525, 121535, 121545, and 121555.	☑	☐	☐
2. Teachers hold an EL Certification and a valid Commission on **Teacher Credentialing** Certificate, permit, or other documents equivalent to that which a teacher in other public schools would be required to hold per federal and state law, ESSA. See Ed. Code § 47605(l).	For each certificated staff member: Credential(s) are appropriate for the position(s) to which the person has been assigned, and are in alignment with Ed. Code § 47605(l) and other applicable law	☑	☐	☐
	Master schedule that shows all assignment(s) of each certificated staff member.	☑	☐	☐
2a. The administration and board have a system in place for reporting applicable employee misconduct to the Commission on Teacher Credentialing.	Internal human resources procedures.	☑	☐	☐
3. The Charter Schools Division (CSD) has been	Accurate and updated	☑	☐	☐

Compliance Requirements	Supporting Documentation			
provided with, and parents have access to, the school's most current **contact information** for each Governing Board member and the **2026-2027 Board meetings calendar**.	school contact information.			
	Accurate and updated list/roster of Governing Board members and contact information.	☑	☐	☐
	Calendar of Governing Board meeting dates and location(s).	☑	☐	☐
4. Charter school complies with the **pre- and post-lottery and enrollment forms** guidelines and related requirements.	Lottery form and enrollment packet.	☑	☐	☐
5. Charter school shall ensure that staff receives annual **training on the charter school's health, safety, and emergency procedures**, and shall maintain a calendar for, and conduct, emergency response drills for students and staff including, but not limited to: a. Health, Safety and Emergency Preparedness Plan (School Safety Plan) (see, e.g., Ed Code §§ 32280-32289) b. Child Abuse Mandated Reporter training requirements (Ed. Code § 44691; Penal Code § 11164, *et seq*.) c. Blood borne Pathogens training (see 8 CCR § 5193) d. Pupil Suicide Prevention Policy, as outlined in Ed. Code, § 215	Comprehensive Health, Safety, and Emergency Plan.	☑	☐	☐
	Documentation of emergency drills and preparedness training.	☑	☐	☐
	Documentation of timely and compliant Child Abuse Mandated Reporter training.	☑	☐	☐
	Documentation of annual Blood borne Pathogens training.	☑	☐	☐
	Documentation of Pupil Suicide Prevention Policy training.	☑	☐	☐
6. **Co-located Charter Schools only**- The school administrator and governing board acknowledges and understands that the independent charter school follows applicable District policy, including the District School Safety Plan, as a co-located charter school.	Participation in District and site level co-location meetings. Review of Policy Bulletin-5532.2 Meeting with district site principal for additional information and questions.	☑	☐	☐
7. The charter school has either implemented the	EL Certification Form	☑	☐	☐

Compliance Requirements	Supporting Documentation			
LAUSD **Master Plan for English Learners and Standard English Learners** or reviewed and implemented its own master plan in accordance with English Language Master Plan requirements. See current FSDRL.				
	EL Master Plan has been reviewed (if the school has not adopted the LAUSD EL Master Plan).	☑	☐	☐
8. The charter school's school climate and student discipline systems and procedures align with applicable law and LAUSD's **Discipline Foundation Policy** and **School Climate Bill of Rights**. See current FSDRL.	Description of the school-wide student behavior and discipline system that aligns with Discipline Foundation Policy and School Climate Bill of Rights.	☑	☐	☐
	Evidence of tiered behavior intervention, alternatives to suspension, and school positive behavior support that the school provides.	☑	☐	☐
9. Charter School shall maintain all data involving placement, tracking, and monitoring of student **suspensions, expulsions, involuntary removals and reinstatements**, and make such outcome data readily available to the LAUSD upon request. The charter school submits student suspension and expulsion data to the Office of Data and Accountability on a monthly basis. See current FSDRL.	Monthly suspension and expulsion reports.	☑	☐	☐
10. Charter School ensures that any and all school **communications, including the Parent Student Handbook**, are consistent with the provisions of school's approved charter as well as applicable law (e.g., translation required in the target language if Charter School has 15% of more of Stakeholders who speak that language.)	Parent Student Handbook	☑	☐	☐
11. The charter school's occupancy and use of **facilities shall be in compliance** with applicable building codes, standards and regulations adopted by the city and/or county agencies responsible for building and safety standards, including but not limited to, the Americans with Disabilities Act and Section	Current and appropriate Certificate of Occupancy or equivalent; fire permit that certifies a thorough and comprehensive fire life safety inspection	☑	☐	☐

Compliance Requirements	Supporting Documentation			
504, and all other applicable fire, health, and structural safety and access requirements. See 42 U.S.C.A. § 12182; Ed. Code § 47610. See current FSDRL.	has been conducted annually; and other required documentation (for any school site not located on District property).			
12. The charter school complies with all public accountability, ethics and integrity laws, including, but not limited to: ● Ralph M. Brown Act, Gov. Code §§ 54950, et seq. ● Political Reform Act of 1974, Gov. Code §§ 81000, et seq. ● California Public Records Act, Gov. Code § 7920.000, et seq. ● Conflicts of Interest, Gov. Code § 1090 as set forth in Education Code section 47604.1. ● Ethics Training for Officials, Gov. Code § 53235.	Board meeting agendas and minutes for the past 12 months.	☑	☐	☐
	Verification of compliant public posting of Board agendas, including on the school website.	☑	☐	☐
	Evidence of Brown Act training.	☑	☐	☐
	Forms 700 (and any applicable required documents) filed with the Los Angeles County Board of Supervisors as required and maintained at the school site/organization. Remaining applicable employees forms 700 are maintained at the school site/ organization.	☑	☐	☐
	School policy for responding to Public Records Act requests.	☑	☐	☐
13. The charter school governing board ensures that their **Articles of Incorporation** are current, filed, and appropriate for the operation of the charter school.	Corporate papers, including any and all Articles of Incorporation (initial documents and any subsequent amendments), for entities affiliated with the charter school.	☑	☐	☐

Compliance Requirements	Supporting Documentation			
14. **By-laws** are current and consistent with approved charter, Governing Board-approved, and signed by the Governing Board secretary.	Current and signed Board-approved bylaws.	☑	☐	☐
15. The charter school meets the provisions of eligibility and/or is a participant of state and **federal programs and/or grants**, which may include but not limited to, the following: Title I, II, III, and other programs, child nutrition programs, Proposition 20 – State Lottery (e.g., Gov. Code § 8880.4), Education Protection Act (Proposition 30), Special Education (Ed. Code § 56000, et seq.), Ed. Code § 47614.5, and all other federal and state programs in which the charter school participates.	A list of current federal and/or state programs that the school is participating in and/or receiving grants from, and a certification that the school has met the provisions of eligibility and/or requirements of these programs.	☑	☐	☐
16. The charter school implements **Uniform Complaint Procedure (UCP)** policies and procedures with appropriate corresponding forms and documents, readily available to stakeholders at the school site and on the school's website, that are compliant with federal and state requirements., See, e.g., Cal. Code Regs, Title 5, § 4600 et seq., and guidance provided at http://www.cde.ca.gov/re/cp/uc/	The governing board has reviewed the school's: ● UCP policies ● UCP procedures ● UCP forms	☑	☐	☐
17. The charter school, as a recipient of federal reimbursement for the National School Lunch/Breakfast program and/or as a school on District property, has adopted a **Local School Wellness Policy**. See 42 U.S.C.A. § 1751, et seq.; 42 U.S.C.A. § 1771, et seq. Note: Even if the charter school is not participating in the National School Lunch or Breakfast program development and adoption of an equivalent Wellness Policy would benefit the school and its students.	Local School Wellness Policy, including evidence of stakeholder input in the development of the policy and annual progress report.	☑	☐	☐
18. The charter school governing board oversees the development of and approves/adopts the **educational partner engagement** process, goals, actions, measurable outcomes, and expenditures in the school's **Local Control Accountability Plan (LCAP)** and annual update in consultation with teachers, staff, administrators, parents, and students. See Ed.	Documentation of educational partner engagement, including Board Meeting Agendas, Board Minutes, LCAP, and related documents (e.g., Budget Overview for	☑	☐	☐

Compliance Requirements	Supporting Documentation			
Code § 47606.5.	Parents, Action Tables, etc.).			
19. The charter school ensures compliance with the LAUSD's **Keeping Parents Informed: Charter Public School Transparency Resolution** of January 12, 2016, which includes documents available both manually and electronically, and if the charter school occupies a building on the AB300 list (seismic safety survey), it has posted a notice of such status in its main office. Ed. Code §§ 17280 to 17317.	Documentation of discussion by the Governing Board including Board Meeting Agendas and Board Minutes and review that documentation is available both manually and electronically.	☑	☐	☐
20. The charter school ensures that it complies with **all applicable federal and state laws regarding students experiencing homelessness and foster youth,** including but not limited to, the provisions of the federal McKinney-Vento Homeless Assistance Act and the provisions of Education Code sections 48850, et seq., 48915.5, 49069.5, and 51225.1, et seq.,, as amended from time to time.	Documentation of compliance with the requirements, which may include but is not limited to, the name of the charter school's designee and the partial credit policy, if applicable.	☑	☐	☐
21. **Charter Schools Serving Grade 9:** The charter school complies with all applicable mathematics requirements of Ed. Code § 51224.7.	Documentation of the adoption of the charter school's established policy in compliance with Ed. Code, § 51224.7, including the Board Meeting Agendas and Board Minutes.	☑	☐	☐
22. The charter school complies with all applicable requirements of Ed. Code, § 215: Pupil Suicide Prevention Policies. (Schools serving Grades 7-12). If the charter school is co-located on District property (Prop 39), the charter school must comply with all applicable requirements including the District's policy (BUL: 2637.5 *Suicide Prevention, Intervention, and Postvention*) and must access training via the District's website through MyPLN.	Documentation of the adoption of the charter school's policy as outlined in Ed. Code, § 215, including the Board Meeting Agendas and Board Minutes.	☑	☐	☐
23. **Charter Schools Serving High School (grades 9-12)**: The charter school has	Charter school approvals are listed on	☑	☐	☐

Compliance Requirements	Supporting Documentation			
obtained Western Association of Schools and Colleges (WASC) accreditation and University of California (UC) Doorways Course Approval.	the WASC website and UC Doorways website.			
24. The charter school complies with all applicable requirements of Ed. Code §§ 231.5 and 231.6 regarding sexual harassment notifications (charter schools serving Grades 9-12).	Verification of pupils being notified in accordance with applicable legal requirements (Ed. Code §§ 231.5 and 231.6), displaying a poster in bathrooms and locker rooms at the schoolsite.	☑	☐	☐
25. Charter school must comply with all online posting requirements related to the filing of a **Title IX** complaint pursuant to Ed. Code, § 221.61.	Documentation of the charter school's online posting(s) containing all the required information set forth in Ed. Code, § 221.61.	☑	☐	☐
26. Charter school must comply with all **Title IX** federal statutory and regulatory requirements including the adoption and publishing of grievance procedures. These procedures are intended to provide for the prompt and equitable resolution of student and employee complaints	Documentation of the charter school's adoption and publishing of its grievance procedures including the Board Meeting Agenda(s) and Board Minute(s).	☑	☐	☐
27. The charter school complies with all applicable requirements of Ed. Code § 56040.3 pertaining to school-purchased **assistive technology** devices for individuals with exceptional needs.	Documentation of compliance with the requirements, which may include but is not limited to, how students were provided access to assistive technology devices in order to receive a free appropriate public education.	☑	☐	☐
28. Charter schools must comply with all	Documentation of	☑	☐	☐

Compliance Requirements	Supporting Documentation			
applicable requirements of Ed. Code § 49501.5 and must make available a **nutritionally adequate breakfast and a nutritionally adequate lunch free of charge** and with adequate time to eat, during each school day to any pupil who requests a meal without consideration of the pupil's eligibility for a federally funded free or reduced-price meal.	compliance with the requirements, which may include but is not limited to, how the charter school implemented a Universal Meals Program for school children, and whether the school participated in the federal National School Lunch Program (NSLP) and School Breakfast Program (SBP).			
29. The charter school complies with all applicable requirements of Ed. Code § 44258.9 related to the state's annual teacher assignment monitoring via the **California Statewide Assignment Accountability System (CalSAAS)** and engages in the CalSAAS to address any possible misassignments within the designated timelines. The charter school must correct misassignments within 30 calendar days.	Participation in the CalSAAS. Timely responses to the Monitoring Authority's questions/requests in the CalSAAS. Documentation of corrected misassignments.	☑	☐	☐
30. If Charter School is offering **Independent Studies** (IS), comply with all applicable legal requirements for IS (Ed. Code, §§ 51744-51749.6; 5 C.C.R, §§ 11700-11705), including, Ed. Code, §§ 49501.5, 46300 *et seq*., which include but are not limited to, adopting/updating and implementing written policies relating to IS.	Independent Study Policy	☑	☐	☐
31**. For charter schools serving grades K-6**, charter school complies with all applicable recess requirements of Ed. Code, § 49056 and related updates in SB 153.	Recess Policy	☑	☐	☐

Compliance Requirements	Supporting Documentation			
32. **For charter schools serving High School grades,** the charter school complies with all applicable requirements including Ed. Code, §§ 51225.1 and 51225.2.	Graduation Policy	☑	☐	☐
33. **For charter schools serving elementary school grades,** complies with AB 2268 regarding English Language exemptions and assessments (Ed. Code, §§ 313 and 60810.).	English Language Learners: Pupil Instruction	☐	☐	☐
34. **For charter schools serving High School grades,** complies with AB 245 regarding mandated training for high school athletic coaches in CPR, AED certifications, cardiac arrest response, concussions, heat illnesses, etc. (Ed. Code, §§ 35179.1 and 35179.4.).	Physical Education Training and Emergency Action Plan	☑	☐	☐
35. **For charter schools offering interscholastic athletic program**, complies with AB 1653. (Ed. Code, § 35179.4.).	Emergency Action Plan	☑	☐	☐
36. **For charter school providing certain transportation services for pupils**, complies with SB 88 regarding tuberculosis risk assessment, safety and qualification rules for transportation contractors. (Ed. Code, §§ 49406 and 39875, *et seq*.)	Certification of Clearances, Credentialing and Mandated Training or Vendor Certification	☑	☐	☐
37**. For charter schools serving 6th through 8th grade,** complies with AB659 regarding human papillomavirus (HPV) vaccination. (e.g., Ed. Code, § 48980.4.)	Pupil and Parent Notification	☑	☐	☐

Compliance Requirements	Supporting Documentation			
38. Charter School complies with AB 889 regarding risks of unprescribed synthetic drugs like fentanyl and drug sales on social media. (Ed. Code, § 48985.5.)	Charter School Website	☑	☐	☐
39. **For charter schools serving High School grades,** comply with SB153 California Guidance Initiative. (Ed. Code, § 51225.7, *et seq*.)	Pupil and Parent Notification	☑	☐	☐
40. For charter schools **serving grades 7-12** comply with notification requirements regarding any dual enrollment or International Baccalaureate courses offered. (Ed. Code, § 48980.6.)	Annual notification to parent or guardians	☑	☐	☐
41. For students serving pupils in **kindergarten or grades 1 or 2**, the charter school shall assess each pupil for risk of reading difficulties, using the screening instrument or instruments adopted by the governing board. (Ed. Code, § 53008.)	Adopted reading screening	☐	☐	☐
42. For charter schools **serving grades 7-12**, required LGBTQ training of all certificated employees pursuant to Education Code section 218.3.	Documentation of trainings	☑	☐	☐
43. Adopt and implement immigration enforcement policy consistent with Education Code section 234.7.	Immigration Enforcement Policy	☑	☐	☐
44. The charter school or charter operator offers employee retirement benefits and/or makes employee contributions in a manner consistent with all applicable legal and charter requirement. (Ed. Code, §§ 47605(c)(5)(J)	Verification that employee retirement benefits are offered and/or employee contributions are made	☑	☐	☐

Compliance Requirements	Supporting Documentation			
and 47611; Gov. Code, § 100032(e)*; Element 10 of operative charter.) * By December 31, 2025, eligible employers with one or more eligible employees and that do not offer a retirement savings program pursuant to subdivision (h) shall have a payroll deposit retirement savings arrangement to allow employee participation in the program.	as described under Compliance Requirements.			
45. Regular board members receive training in K-12 public education school finance laws and budget governance per AB 640 (Ed. Code § 35220, *et seq*).	Training materials and sign-ins.	☑	☐	☐
46. By July 1, 2027, adopt CDE's model policy or create/update student discipline policy with stakeholders' input, regarding handling off-campus cyberbullying per AB 772 (Ed Code §§ 234.41.)	Cyberbullying Policy	☑	☐	☐
		☐	☐	☐

Identify the non-applicable items here:

Item Number	Reason not applicable
33	**Grade levels not applicable**
41	**Grade levels not applicable**

CERTIFICATION OF SCHOOL ADMINISTRATOR'S COMPLIANCE REVIEW

(By Friday, October 16, 2026)

The undersigned hereby certifies that, on Sep 24, 2026 **the School Administrator of**

Date(s)

MAGNOLIA SCIENCE ACADEMY 4

Name of Charter School

reviewed the school's compliance with legal, charter, and District policy requirements.

ALEXIS LEON	Alexis Leon (Sep 24, 2026 18:48:49 PDT)	09/24/26
Printed Name of School Administrator	**Signature of School Administrator**	**Date Signed**

CERTIFICATION OF BOARD COMPLIANCE REVIEW

(By Friday, January 8, 2027)

The undersigned hereby certifies that, on OCTOBER 8, 2026 **, the Governing Board of**

Date(s)

MAGNOLIA SCIENCE ACADEMY 4

Name of Charter School

reviewed the school's compliance with legal, charter, and District policy requirements.

This certification includes the following relevant documentation:

☐ Board Agenda where item was discussed

MEKAN MUHAMMEDOV		
Printed Name of Governing Board Chair	**Signature of Governing Board Chair**	**Date Signed**

CHARTER SCHOOL COMPLIANCE MONITORING
2026-2027
ATTACHMENT E

Pursuant to its chartering oversight duties set forth in the Charter Schools Act (see e.g., Ed. Code, § 47604.32), the LAUSD, through the Charter Schools Division (CSD), monitors each charter school's compliance with applicable legal, charter, and policy requirements. To this end, the CSD's oversight process encompasses three important actions by each charter school:

(1) School Administrator's Certification: As the CSD continues its focus on ensuring that the well-being of students remains first and foremost, **by Friday, October 16, 2026**, as part of the school's triannual electronic submission of documents, we request that the **school site administrator** submit the attached certification confirming the school's implementation of safety measures at the beginning of the school year. This beginning of the year certification by the school administrator informs the governing board and supports the school in ensuring that critical organizational and management systems are in place as the school year begins, as these requirements greatly impact students, staff, and the public. **Please submit the entire document to the CSD via Dropbox with *only* the school administrator's columns completed, along with the administrator's signature no later than Friday, October 16, 2026.**

(2) Certification of Board Compliance Review: As in previous years, and as part of the Governing Board's fulfillment of its fiduciary governance responsibility to ensure that the charter school complies with all applicable laws and other requirements, it is critical that the school's Governing Board periodically review, discuss, monitor, and modify, if necessary, the school's policies and systems for compliance with such requirements. **Please complete and sign the *final* certification at the end of the attached document, *Compliance Monitoring and Certification of Board Compliance Review 2026-2027*, and return the entire document including the administrator's certification from the first submission. Please include the relevant Board agenda(s) as evidence of the Governing Board's review of these items and submit to the CSD via Dropbox no later than January 8, 2027.**

The CSD is very much aware and acknowledges that governing boards provide fiduciary oversight and hires a leader (or leaders) to execute day-to-day operations and appropriately delegated functions. Moreover, the charter school's governing board is the first line of charter school oversight. As part of the District's oversight process, this certification is intended to serve as a formal acknowledgement from charter school governing boards of their review and appropriate due diligence in these key areas as part of their own organizational oversight function. As stated in the *LAUSD Policy and Procedures for Charter Schools*, "While LAUSD is responsible to provide oversight of its charter schools and the entities managing charter schools, the primary oversight of each charter school must first and foremost be performed by the charter school's own governing board. The governing board of a charter school has an ongoing responsibility to oversee the operations of its charter school(s), ensuring that every charter school it oversees is providing a high-quality educational program for students enrolled, is successfully fulfilling the terms of their charter, is fiscally sound, and complies with applicable laws, regulations, and court orders." This annual certification also provides charter governing boards an opportunity to confirm with their school leadership that systems are/remain in place to fulfill these critical requirements that impact students, staff, and the public.

(3) Documentation of Compliance: As we have historically done, the CSD will review documentation of compliance with several key legal requirements as part of this year's annual performance-based oversight visit to each charter school. To facilitate effective and efficient compliance review on the day of the visit, please adhere to the guidance provided in the *Annual Performance-Based Oversight Visit Preparation Guide 2026-2027* for the preparation of the school's compliance documentation. Please ensure that this documentation is current, complete, and accurate. The "Supporting Documentation" column of the table in

the attached *Compliance Monitoring and Certification of Board Compliance Review 2026-2027* may provide useful support and assistance in this endeavor. Please be reminded that this list is not exhaustive, and it is the responsibility of the charter school and its board to ensure compliance with all applicable legal, charter and District requirements.

We appreciate your continued collaboration and cooperation as we work together so that all youth achieve in healthy and safe environments. Should you have questions, please contact your assigned CSD administrator.

COMPLIANCE MONITORING AND CERTIFICATION OF BOARD COMPLIANCE REVIEW 2026-2027

School Name: MAGNOLIA SCIENCE ACADEMY 6

Administrator Name: JAMES CHOE

Board President Name: MEKAN MUHAMMEDOV

Charter Management Organization: MAGNOLIA PUBLIC SCHOOLS

LAUSD Loc. Code: 8013

INSTRUCTIONS: This Compliance Monitoring and Certification Checklist needs to be submitted twice but both certifications must be completed on the same form.

First submission should be completed by checking each appropriate box (Compliant **OR** In Process) for all items; school administrator needs to sign and date the certification page and submit all pages no later than October 16, 202 6 via Dropbox.

Second submission needs to be completed by checking each appropriate items 1-39 under the board certification column, Board Chair needs to sign the certification page and submit with supporting documentation including the Board Agenda where checklist was discussed, Board Minutes and Board Agenda approving the minutes no later than January 8, 2027 via Dropbox.

Note: All items should be checked. If an item is not applicable, leave the item blank and identify why it is not applicable in the chart below. Compliance Certification with wet signatures must remain at the school site and be available for review upon request by the oversight team at any time.

Compliance Requirements	Supporting Documentation	SCHOOL ADMIN. BY October 16, 2026		BOARD CERTIFICATION BY JANUARY 8, 2027
		COMPLIANT	REQUIREMENT IN PROCESS	
1. The charter school maintains timely and current verification of **criminal background and TB clearances** for all employees (including substitutes, part-time staff, and temporary employees) and contracting entities (service providers, vendors, and independent contractors). See, e.g., Ed. Code § 47605(c) (5)(F); Ed. Code §§ 45122.1 and 45125.1; Ed. Code § 49406; Ed. Code § 44237.	Documentation that the school has at least one DOJ-confirmed Custodian of Records.	☑	☐	☐
	Completed and signed "Certification of Clearances, Credentialing and Mandated Reporter Training 2026-2027" form	☑	☐	☐

Compliance Requirements	Supporting Documentation			
	Completed and signed "Criminal Background Clearance Certification" for each faculty and staff member to certify criminal background clearance prior to employment.	☑	☐	☐
	Certification of timely DOJ and TB clearances by all contracting entities.	☑	☐	☐
	Documentation of compliance with applicable volunteer clearance requirements, including tuberculosis (TB) risk assessment/clearance requirements. Ed Code § 49406; Health & Safety Code §§ 121525, 121535, 121545, and 121555.	☑	☐	☐
2. Teachers hold an EL Certification and a valid Commission on **Teacher Credentialing** Certificate, permit, or other documents equivalent to that which a teacher in other public schools would be required to hold per federal and state law, ESSA. See Ed. Code § 47605(l).	For each certificated staff member: Credential(s) are appropriate for the position(s) to which the person has been assigned, and are in alignment with Ed. Code § 47605(l) and other applicable law	☑	☐	☐
	Master schedule that shows all assignment(s) of each certificated staff member.	☑	☐	☐
2a. The administration and board have a system in place for reporting applicable employee misconduct to the Commission on Teacher Credentialing.	Internal human resources procedures.	☑	☐	☐
3. The Charter Schools Division (CSD) has been	Accurate and updated	☑	☐	☐

Compliance Requirements	Supporting Documentation			
provided with, and parents have access to, the school's most current **contact information** for each Governing Board member and the **2026-2027 Board meetings calendar**.	school contact information.			
	Accurate and updated list/roster of Governing Board members and contact information.	☑	☐	☐
	Calendar of Governing Board meeting dates and location(s).	☑	☐	☐
4. Charter school complies with the **pre- and post-lottery and enrollment forms** guidelines and related requirements.	Lottery form and enrollment packet.	☑	☐	☐
5. Charter school shall ensure that staff receives annual **training on the charter school's health, safety, and emergency procedures**, and shall maintain a calendar for, and conduct, emergency response drills for students and staff including, but not limited to: a. Health, Safety and Emergency Preparedness Plan (School Safety Plan) (see, e.g., Ed Code §§ 32280-32289) b. Child Abuse Mandated Reporter training requirements (Ed. Code § 44691; Penal Code § 11164, *et seq*.) c. Blood borne Pathogens training (see 8 CCR § 5193) d. Pupil Suicide Prevention Policy, as outlined in Ed. Code, § 215	Comprehensive Health, Safety, and Emergency Plan.	☑	☐	☐
	Documentation of emergency drills and preparedness training.	☑	☐	☐
	Documentation of timely and compliant Child Abuse Mandated Reporter training.	☑	☐	☐
	Documentation of annual Blood borne Pathogens training.	☑	☐	☐
	Documentation of Pupil Suicide Prevention Policy training.	☑	☐	☐
6. **Co-located Charter Schools only**- The school administrator and governing board acknowledges and understands that the independent charter school follows applicable District policy, including the District School Safety Plan, as a co-located charter school.	Participation in District and site level co-location meetings. Review of Policy Bulletin-5532.2 Meeting with district site principal for additional information and questions.	☑	☐	☐
7. The charter school has either implemented the	EL Certification Form	☑	☐	☐

Compliance Requirements	Supporting Documentation			
LAUSD **Master Plan for English Learners and Standard English Learners** or reviewed and implemented its own master plan in accordance with English Language Master Plan requirements. See current FSDRL.				
	EL Master Plan has been reviewed (if the school has not adopted the LAUSD EL Master Plan).	☑	☐	☐
8. The charter school's school climate and student discipline systems and procedures align with applicable law and LAUSD's **Discipline Foundation Policy** and **School Climate Bill of Rights**. See current FSDRL.	Description of the school-wide student behavior and discipline system that aligns with Discipline Foundation Policy and School Climate Bill of Rights.	☑	☐	☐
	Evidence of tiered behavior intervention, alternatives to suspension, and school positive behavior support that the school provides.	☑	☐	☐
9. Charter School shall maintain all data involving placement, tracking, and monitoring of student **suspensions, expulsions, involuntary removals and reinstatements**, and make such outcome data readily available to the LAUSD upon request. The charter school submits student suspension and expulsion data to the Office of Data and Accountability on a monthly basis. See current FSDRL.	Monthly suspension and expulsion reports.	☑	☐	☐
10. Charter School ensures that any and all school **communications, including the Parent Student Handbook**, are consistent with the provisions of school's approved charter as well as applicable law (e.g., translation required in the target language if Charter School has 15% of more of Stakeholders who speak that language.)	Parent Student Handbook	☑	☐	☐
11. The charter school's occupancy and use of **facilities shall be in compliance** with applicable building codes, standards and regulations adopted by the city and/or county agencies responsible for building and safety standards, including but not limited to, the Americans with Disabilities Act and Section	Current and appropriate Certificate of Occupancy or equivalent; fire permit that certifies a thorough and comprehensive fire life safety inspection	☑	☐	☐

Compliance Requirements	Supporting Documentation			
504, and all other applicable fire, health, and structural safety and access requirements. See 42 U.S.C.A. § 12182; Ed. Code § 47610. See current FSDRL.	has been conducted annually; and other required documentation (for any school site not located on District property).			
12. The charter school complies with all public accountability, ethics and integrity laws, including, but not limited to: ● Ralph M. Brown Act, Gov. Code §§ 54950, et seq. ● Political Reform Act of 1974, Gov. Code §§ 81000, et seq. ● California Public Records Act, Gov. Code § 7920.000, et seq. ● Conflicts of Interest, Gov. Code § 1090 as set forth in Education Code section 47604.1. ● Ethics Training for Officials, Gov. Code § 53235.	Board meeting agendas and minutes for the past 12 months.	☑	☐	☐
	Verification of compliant public posting of Board agendas, including on the school website.	☑	☐	☐
	Evidence of Brown Act training.	☑	☐	☐
	Forms 700 (and any applicable required documents) filed with the Los Angeles County Board of Supervisors as required and maintained at the school site/organization. Remaining applicable employees forms 700 are maintained at the school site/ organization.	☑	☐	☐
	School policy for responding to Public Records Act requests.	☑	☐	☐
13. The charter school governing board ensures that their **Articles of Incorporation** are current, filed, and appropriate for the operation of the charter school.	Corporate papers, including any and all Articles of Incorporation (initial documents and any subsequent amendments), for entities affiliated with the charter school.	☑	☐	☐

Compliance Requirements	Supporting Documentation			
14. **By-laws** are current and consistent with approved charter, Governing Board-approved, and signed by the Governing Board secretary.	Current and signed Board-approved bylaws.	☑	☐	☐
15. The charter school meets the provisions of eligibility and/or is a participant of state and **federal programs and/or grants**, which may include but not limited to, the following: Title I, II, III, and other programs, child nutrition programs, Proposition 20 – State Lottery (e.g., Gov. Code § 8880.4), Education Protection Act (Proposition 30), Special Education (Ed. Code § 56000, et seq.), Ed. Code § 47614.5, and all other federal and state programs in which the charter school participates.	A list of current federal and/or state programs that the school is participating in and/or receiving grants from, and a certification that the school has met the provisions of eligibility and/or requirements of these programs.	☑	☐	☐
16. The charter school implements **Uniform Complaint Procedure (UCP)** policies and procedures with appropriate corresponding forms and documents, readily available to stakeholders at the school site and on the school's website, that are compliant with federal and state requirements., See, e.g., Cal. Code Regs, Title 5, § 4600 et seq., and guidance provided at http://www.cde.ca.gov/re/cp/uc/	The governing board has reviewed the school's: ● UCP policies ● UCP procedures ● UCP forms	☑	☐	☐
17. The charter school, as a recipient of federal reimbursement for the National School Lunch/Breakfast program and/or as a school on District property, has adopted a **Local School Wellness Policy**. See 42 U.S.C.A. § 1751, et seq.; 42 U.S.C.A. § 1771, et seq. Note: Even if the charter school is not participating in the National School Lunch or Breakfast program development and adoption of an equivalent Wellness Policy would benefit the school and its students.	Local School Wellness Policy, including evidence of stakeholder input in the development of the policy and annual progress report.	☑	☐	☐
18. The charter school governing board oversees the development of and approves/adopts the **educational partner engagement** process, goals, actions, measurable outcomes, and expenditures in the school's **Local Control Accountability Plan (LCAP)** and annual update in consultation with teachers, staff, administrators, parents, and students. See Ed.	Documentation of educational partner engagement, including Board Meeting Agendas, Board Minutes, LCAP, and related documents (e.g., Budget Overview for	☑	☐	☐

Compliance Requirements	Supporting Documentation			
Code § 47606.5.	Parents, Action Tables, etc.).			
19. The charter school ensures compliance with the LAUSD's **Keeping Parents Informed: Charter Public School Transparency Resolution** of January 12, 2016, which includes documents available both manually and electronically, and if the charter school occupies a building on the AB300 list (seismic safety survey), it has posted a notice of such status in its main office. Ed. Code §§ 17280 to 17317.	Documentation of discussion by the Governing Board including Board Meeting Agendas and Board Minutes and review that documentation is available both manually and electronically.	☑	☐	☐
20. The charter school ensures that it complies with **all applicable federal and state laws regarding students experiencing homelessness and foster youth,** including but not limited to, the provisions of the federal McKinney-Vento Homeless Assistance Act and the provisions of Education Code sections 48850, et seq., 48915.5, 49069.5, and 51225.1, et seq.,, as amended from time to time.	Documentation of compliance with the requirements, which may include but is not limited to, the name of the charter school's designee and the partial credit policy, if applicable.	☑	☐	☐
21. **Charter Schools Serving Grade 9:** The charter school complies with all applicable mathematics requirements of Ed. Code § 51224.7.	Documentation of the adoption of the charter school's established policy in compliance with Ed. Code, § 51224.7, including the Board Meeting Agendas and Board Minutes.	☐	☐	☐
22. The charter school complies with all applicable requirements of Ed. Code, § 215: Pupil Suicide Prevention Policies. (Schools serving Grades 7-12). If the charter school is co-located on District property (Prop 39), the charter school must comply with all applicable requirements including the District's policy (BUL: 2637.5 *Suicide Prevention, Intervention, and Postvention*) and must access training via the District's website through MyPLN.	Documentation of the adoption of the charter school's policy as outlined in Ed. Code, § 215, including the Board Meeting Agendas and Board Minutes.	☑	☐	☐
23. **Charter Schools Serving High School (grades 9-12)**: The charter school has	Charter school approvals are listed on	☐	☐	☐

Compliance Requirements	Supporting Documentation			
obtained Western Association of Schools and Colleges (WASC) accreditation and University of California (UC) Doorways Course Approval.	the WASC website and UC Doorways website.			
24. The charter school complies with all applicable requirements of Ed. Code §§ 231.5 and 231.6 regarding sexual harassment notifications (charter schools serving Grades 9-12).	Verification of pupils being notified in accordance with applicable legal requirements (Ed. Code §§ 231.5 and 231.6), displaying a poster in bathrooms and locker rooms at the schoolsite.	☐	☐	☐
25. Charter school must comply with all online posting requirements related to the filing of a **Title IX** complaint pursuant to Ed. Code, § 221.61.	Documentation of the charter school's online posting(s) containing all the required information set forth in Ed. Code, § 221.61.	☑	☐	☐
26. Charter school must comply with all **Title IX** federal statutory and regulatory requirements including the adoption and publishing of grievance procedures. These procedures are intended to provide for the prompt and equitable resolution of student and employee complaints	Documentation of the charter school's adoption and publishing of its grievance procedures including the Board Meeting Agenda(s) and Board Minute(s).	☑	☐	☐
27. The charter school complies with all applicable requirements of Ed. Code § 56040.3 pertaining to school-purchased **assistive technology** devices for individuals with exceptional needs.	Documentation of compliance with the requirements, which may include but is not limited to, how students were provided access to assistive technology devices in order to receive a free appropriate public education.	☑	☐	☐
28. Charter schools must comply with all	Documentation of	☑	☐	☐

Compliance Requirements	Supporting Documentation			
applicable requirements of Ed. Code § 49501.5 and must make available a **nutritionally adequate breakfast and a nutritionally adequate lunch free of charge** and with adequate time to eat, during each school day to any pupil who requests a meal without consideration of the pupil's eligibility for a federally funded free or reduced-price meal.	compliance with the requirements, which may include but is not limited to, how the charter school implemented a Universal Meals Program for school children, and whether the school participated in the federal National School Lunch Program (NSLP) and School Breakfast Program (SBP).			
29. The charter school complies with all applicable requirements of Ed. Code § 44258.9 related to the state's annual teacher assignment monitoring via the **California Statewide Assignment Accountability System (CalSAAS)** and engages in the CalSAAS to address any possible misassignments within the designated timelines. The charter school must correct misassignments within 30 calendar days.	Participation in the CalSAAS. Timely responses to the Monitoring Authority's questions/requests in the CalSAAS. Documentation of corrected misassignments.	☑	☐	☐
30. If Charter School is offering **Independent Studies** (IS), comply with all applicable legal requirements for IS (Ed. Code, §§ 51744-51749.6; 5 C.C.R, §§ 11700-11705), including, Ed. Code, §§ 49501.5, 46300 *et seq*., which include but are not limited to, adopting/updating and implementing written policies relating to IS.	Independent Study Policy	☑	☐	☐
31**. For charter schools serving grades K-6**, charter school complies with all applicable recess requirements of Ed. Code, § 49056 and related updates in SB 153.	Recess Policy	☑	☐	☐

Compliance Requirements	Supporting Documentation			
32. **For charter schools serving High School grades,** the charter school complies with all applicable requirements including Ed. Code, §§ 51225.1 and 51225.2.	Graduation Policy	☐	☐	☐
33. **For charter schools serving elementary school grades,** complies with AB 2268 regarding English Language exemptions and assessments (Ed. Code, §§ 313 and 60810.).	English Language Learners: Pupil Instruction	☐	☐	☐
34. **For charter schools serving High School grades,** complies with AB 245 regarding mandated training for high school athletic coaches in CPR, AED certifications, cardiac arrest response, concussions, heat illnesses, etc. (Ed. Code, §§ 35179.1 and 35179.4.).	Physical Education Training and Emergency Action Plan	☐	☐	☐
35. **For charter schools offering interscholastic athletic program**, complies with AB 1653. (Ed. Code, § 35179.4.).	Emergency Action Plan	☐	☐	☐
36. **For charter school providing certain transportation services for pupils**, complies with SB 88 regarding tuberculosis risk assessment, safety and qualification rules for transportation contractors. (Ed. Code, §§ 49406 and 39875, *et seq*.)	Certification of Clearances, Credentialing and Mandated Training or Vendor Certification	☑	☐	☐
37**. For charter schools serving 6th through 8th grade,** complies with AB659 regarding human papillomavirus (HPV) vaccination. (e.g., Ed. Code, § 48980.4.)	Pupil and Parent Notification	☑	☐	☐

Compliance Requirements	Supporting Documentation			
38. Charter School complies with AB 889 regarding risks of unprescribed synthetic drugs like fentanyl and drug sales on social media. (Ed. Code, § 48985.5.)	Charter School Website	☑	☐	☐
39. **For charter schools serving High School grades,** comply with SB153 California Guidance Initiative. (Ed. Code, § 51225.7, *et seq*.)	Pupil and Parent Notification	☐	☐	☐
40. For charter schools **serving grades 7-12** comply with notification requirements regarding any dual enrollment or International Baccalaureate courses offered. (Ed. Code, § 48980.6.)	Annual notification to parent or guardians	☑	☐	☐
41. For students serving pupils in **kindergarten or grades 1 or 2**, the charter school shall assess each pupil for risk of reading difficulties, using the screening instrument or instruments adopted by the governing board. (Ed. Code, § 53008.)	Adopted reading screening	☐	☐	☐
42. For charter schools **serving grades 7-12**, required LGBTQ training of all certificated employees pursuant to Education Code section 218.3.	Documentation of trainings	☑	☐	☐
43. Adopt and implement immigration enforcement policy consistent with Education Code section 234.7.	Immigration Enforcement Policy	☑	☐	☐
44. The charter school or charter operator offers employee retirement benefits and/or makes employee contributions in a manner consistent with all applicable legal and charter requirement. (Ed. Code, §§ 47605(c)(5)(J)	Verification that employee retirement benefits are offered and/or employee contributions are made	☑	☐	☐

Compliance Requirements	Supporting Documentation			
and 47611; Gov. Code, § 100032(e)*; Element 10 of operative charter.) * By December 31, 2025, eligible employers with one or more eligible employees and that do not offer a retirement savings program pursuant to subdivision (h) shall have a payroll deposit retirement savings arrangement to allow employee participation in the program.	as described under Compliance Requirements.			
45. Regular board members receive training in K-12 public education school finance laws and budget governance per AB 640 (Ed. Code § 35220, *et seq*).	Training materials and sign-ins.	☑	☐	☐
46. By July 1, 2027, adopt CDE's model policy or create/update student discipline policy with stakeholders' input, regarding handling off-campus cyberbullying per AB 772 (Ed Code §§ 234.41.)	Cyberbullying Policy	☑	☐	☐
		☐	☐	☐

Identify the non-applicable items here:

Item Number	Reason not applicable
21	**Grade levels not applicable**
23	**Grade levels not applicable**
24	**Grade levels not applicable**
32	**Grade levels not applicable**
33	**Grade levels not applicable**

34	**Grade levels not applicable**
35	**Grade levels not applicable**
39	**Grade levels not applicable**
41	**Grade levels not applicable**

CERTIFICATION OF SCHOOL ADMINISTRATOR'S COMPLIANCE REVIEW

(By Friday, October 16, 2026)

The undersigned hereby certifies that, on Sep 25, 2026 **the School Administrator of**

Date(s)

MAGNOLIA SCIENCE ACADEMY 6

Name of Charter School

reviewed the school's compliance with legal, charter, and District policy requirements.

JAMES CHOE	M. Choe (Sep 25, 2026 06:48:43 PDT)	09/25/26
Printed Name of School Administrator	**Signature of School Administrator**	**Date Signed**

CERTIFICATION OF BOARD COMPLIANCE REVIEW

(By Friday, January 8, 2027)

The undersigned hereby certifies that, on OCTOBER 8, 2026 **, the Governing Board of**

Date(s)

MAGNOLIA SCIENCE ACADEMY 6

Name of Charter School

reviewed the school's compliance with legal, charter, and District policy requirements.

This certification includes the following relevant documentation:

☐ Board Agenda where item was discussed

MEKAN MUHAMMEDOV		
Printed Name of Governing Board Chair	**Signature of Governing Board Chair**	**Date Signed**

CHARTER SCHOOL COMPLIANCE MONITORING
2026-2027
ATTACHMENT E

Pursuant to its chartering oversight duties set forth in the Charter Schools Act (see e.g., Ed. Code, § 47604.32), the LAUSD, through the Charter Schools Division (CSD), monitors each charter school's compliance with applicable legal, charter, and policy requirements. To this end, the CSD's oversight process encompasses three important actions by each charter school:

(1) School Administrator's Certification: As the CSD continues its focus on ensuring that the well-being of students remains first and foremost, **by Friday, October 16, 2026**, as part of the school's triannual electronic submission of documents, we request that the **school site administrator** submit the attached certification confirming the school's implementation of safety measures at the beginning of the school year. This beginning of the year certification by the school administrator informs the governing board and supports the school in ensuring that critical organizational and management systems are in place as the school year begins, as these requirements greatly impact students, staff, and the public. **Please submit the entire document to the CSD via Dropbox with *only* the school administrator's columns completed, along with the administrator's signature no later than Friday, October 16, 2026.**

(2) Certification of Board Compliance Review: As in previous years, and as part of the Governing Board's fulfillment of its fiduciary governance responsibility to ensure that the charter school complies with all applicable laws and other requirements, it is critical that the school's Governing Board periodically review, discuss, monitor, and modify, if necessary, the school's policies and systems for compliance with such requirements. **Please complete and sign the *final* certification at the end of the attached document, *Compliance Monitoring and Certification of Board Compliance Review 2026-2027*, and return the entire document including the administrator's certification from the first submission. Please include the relevant Board agenda(s) as evidence of the Governing Board's review of these items and submit to the CSD via Dropbox no later than January 8, 2027.**

The CSD is very much aware and acknowledges that governing boards provide fiduciary oversight and hires a leader (or leaders) to execute day-to-day operations and appropriately delegated functions. Moreover, the charter school's governing board is the first line of charter school oversight. As part of the District's oversight process, this certification is intended to serve as a formal acknowledgement from charter school governing boards of their review and appropriate due diligence in these key areas as part of their own organizational oversight function. As stated in the *LAUSD Policy and Procedures for Charter Schools*, "While LAUSD is responsible to provide oversight of its charter schools and the entities managing charter schools, the primary oversight of each charter school must first and foremost be performed by the charter school's own governing board. The governing board of a charter school has an ongoing responsibility to oversee the operations of its charter school(s), ensuring that every charter school it oversees is providing a high-quality educational program for students enrolled, is successfully fulfilling the terms of their charter, is fiscally sound, and complies with applicable laws, regulations, and court orders." This annual certification also provides charter governing boards an opportunity to confirm with their school leadership that systems are/remain in place to fulfill these critical requirements that impact students, staff, and the public.

(3) Documentation of Compliance: As we have historically done, the CSD will review documentation of compliance with several key legal requirements as part of this year's annual performance-based oversight visit to each charter school. To facilitate effective and efficient compliance review on the day of the visit, please adhere to the guidance provided in the *Annual Performance-Based Oversight Visit Preparation Guide 2026-2027* for the preparation of the school's compliance documentation. Please ensure that this documentation is current, complete, and accurate. The "Supporting Documentation" column of the table in

the attached *Compliance Monitoring and Certification of Board Compliance Review 2026-2027* may provide useful support and assistance in this endeavor. Please be reminded that this list is not exhaustive, and it is the responsibility of the charter school and its board to ensure compliance with all applicable legal, charter and District requirements.

We appreciate your continued collaboration and cooperation as we work together so that all youth achieve in healthy and safe environments. Should you have questions, please contact your assigned CSD administrator.

COMPLIANCE MONITORING AND CERTIFICATION OF BOARD COMPLIANCE REVIEW 2026-2027

School Name: MAGNOLIA SCIENCE ACADEMY 7

Administrator Name: MUSA AVSAR

Board President Name: MEKAN MUHAMMEDOV

Charter Management Organization: MAGNOLIA PUBLIC SCHOOLS

LAUSD Loc. Code: 8014

INSTRUCTIONS: This Compliance Monitoring and Certification Checklist needs to be submitted twice but both certifications must be completed on the same form.

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Compliance Requirements	Supporting Documentation	SCHOOL ADMIN. BY October 16, 2026		BOARD CERTIFICATION BY JANUARY 8, 2027
		COMPLIANT	REQUIREMENT IN PROCESS	
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	Completed and signed "Certification of Clearances, Credentialing and Mandated Reporter Training 2026-2027" form	☑	☐	☐

Compliance Requirements	Supporting Documentation			
	Completed and signed "Criminal Background Clearance Certification" for each faculty and staff member to certify criminal background clearance prior to employment.	☑	☐	☐
	Certification of timely DOJ and TB clearances by all contracting entities.	☑	☐	☐
	Documentation of compliance with applicable volunteer clearance requirements, including tuberculosis (TB) risk assessment/clearance requirements. Ed Code § 49406; Health & Safety Code §§ 121525, 121535, 121545, and 121555.	☑	☐	☐
2. Teachers hold an EL Certification and a valid Commission on **Teacher Credentialing** Certificate, permit, or other documents equivalent to that which a teacher in other public schools would be required to hold per federal and state law, ESSA. See Ed. Code § 47605(l).	For each certificated staff member: Credential(s) are appropriate for the position(s) to which the person has been assigned, and are in alignment with Ed. Code § 47605(l) and other applicable law	☑	☐	☐
	Master schedule that shows all assignment(s) of each certificated staff member.	☑	☐	☐
2a. The administration and board have a system in place for reporting applicable employee misconduct to the Commission on Teacher Credentialing.	Internal human resources procedures.	☑	☐	☐
3. The Charter Schools Division (CSD) has been	Accurate and updated	☑	☐	☐

Compliance Requirements	Supporting Documentation			
provided with, and parents have access to, the school's most current **contact information** for each Governing Board member and the **2026-2027 Board meetings calendar**.	school contact information.			
	Accurate and updated list/roster of Governing Board members and contact information.	☑	☐	☐
	Calendar of Governing Board meeting dates and location(s).	☑	☐	☐
4. Charter school complies with the **pre- and post-lottery and enrollment forms** guidelines and related requirements.	Lottery form and enrollment packet.	☑	☐	☐
5. Charter school shall ensure that staff receives annual **training on the charter school's health, safety, and emergency procedures**, and shall maintain a calendar for, and conduct, emergency response drills for students and staff including, but not limited to: a. Health, Safety and Emergency Preparedness Plan (School Safety Plan) (see, e.g., Ed Code §§ 32280-32289) b. Child Abuse Mandated Reporter training requirements (Ed. Code § 44691; Penal Code § 11164, *et seq*.) c. Blood borne Pathogens training (see 8 CCR § 5193) d. Pupil Suicide Prevention Policy, as outlined in Ed. Code, § 215	Comprehensive Health, Safety, and Emergency Plan.	☑	☐	☐
	Documentation of emergency drills and preparedness training.	☑	☐	☐
	Documentation of timely and compliant Child Abuse Mandated Reporter training.	☑	☐	☐
	Documentation of annual Blood borne Pathogens training.	☑	☐	☐
	Documentation of Pupil Suicide Prevention Policy training.	☑	☐	☐
6. **Co-located Charter Schools only-** The school administrator and governing board acknowledges and understands that the independent charter school follows applicable District policy, including the District School Safety Plan, as a co-located charter school.	Participation in District and site level co-location meetings. Review of Policy Bulletin-5532.2 Meeting with district site principal for additional information and questions.	☐	☐	☐
7. The charter school has either implemented the	EL Certification Form	☑	☐	☐

Compliance Requirements	Supporting Documentation			
LAUSD **Master Plan for English Learners and Standard English Learners** or reviewed and implemented its own master plan in accordance with English Language Master Plan requirements. See current FSDRL.				
	EL Master Plan has been reviewed (if the school has not adopted the LAUSD EL Master Plan).	☑	☐	☐
8. The charter school's school climate and student discipline systems and procedures align with applicable law and LAUSD's **Discipline Foundation Policy** and **School Climate Bill of Rights**. See current FSDRL.	Description of the school-wide student behavior and discipline system that aligns with Discipline Foundation Policy and School Climate Bill of Rights.	☑	☐	☐
	Evidence of tiered behavior intervention, alternatives to suspension, and school positive behavior support that the school provides.	☑	☐	☐
9. Charter School shall maintain all data involving placement, tracking, and monitoring of student **suspensions, expulsions, involuntary removals and reinstatements**, and make such outcome data readily available to the LAUSD upon request. The charter school submits student suspension and expulsion data to the Office of Data and Accountability on a monthly basis. See current FSDRL.	Monthly suspension and expulsion reports.	☑	☐	☐
10. Charter School ensures that any and all school **communications, including the Parent Student Handbook**, are consistent with the provisions of school's approved charter as well as applicable law (e.g., translation required in the target language if Charter School has 15% of more of Stakeholders who speak that language.)	Parent Student Handbook	☑	☐	☐
11. The charter school's occupancy and use of **facilities shall be in compliance** with applicable building codes, standards and regulations adopted by the city and/or county agencies responsible for building and safety standards, including but not limited to, the Americans with Disabilities Act and Section	Current and appropriate Certificate of Occupancy or equivalent; fire permit that certifies a thorough and comprehensive fire life safety inspection	☑	☐	☐

Compliance Requirements	Supporting Documentation			
504, and all other applicable fire, health, and structural safety and access requirements. See 42 U.S.C.A. § 12182; Ed. Code § 47610. See current FSDRL.	has been conducted annually; and other required documentation (for any school site not located on District property).			
12. The charter school complies with all public accountability, ethics and integrity laws, including, but not limited to: ● Ralph M. Brown Act, Gov. Code §§ 54950, et seq. ● Political Reform Act of 1974, Gov. Code §§ 81000, et seq. ● California Public Records Act, Gov. Code § 7920.000, et seq. ● Conflicts of Interest, Gov. Code § 1090 as set forth in Education Code section 47604.1. ● Ethics Training for Officials, Gov. Code § 53235.	Board meeting agendas and minutes for the past 12 months.	☑	☐	☐
	Verification of compliant public posting of Board agendas, including on the school website.	☑	☐	☐
	Evidence of Brown Act training.	☑	☐	☐
	Forms 700 (and any applicable required documents) filed with the Los Angeles County Board of Supervisors as required and maintained at the school site/organization. Remaining applicable employees forms 700 are maintained at the school site/ organization.	☑	☐	☐
	School policy for responding to Public Records Act requests.	☑	☐	☐
13. The charter school governing board ensures that their **Articles of Incorporation** are current, filed, and appropriate for the operation of the charter school.	Corporate papers, including any and all Articles of Incorporation (initial documents and any subsequent amendments), for entities affiliated with the charter school.	☑	☐	☐

Compliance Requirements	Supporting Documentation			
14. **By-laws** are current and consistent with approved charter, Governing Board-approved, and signed by the Governing Board secretary.	Current and signed Board-approved bylaws.	☑	☐	☐
15. The charter school meets the provisions of eligibility and/or is a participant of state and **federal programs and/or grants**, which may include but not limited to, the following: Title I, II, III, and other programs, child nutrition programs, Proposition 20 – State Lottery (e.g., Gov. Code § 8880.4), Education Protection Act (Proposition 30), Special Education (Ed. Code § 56000, et seq.), Ed. Code § 47614.5, and all other federal and state programs in which the charter school participates.	A list of current federal and/or state programs that the school is participating in and/or receiving grants from, and a certification that the school has met the provisions of eligibility and/or requirements of these programs.	☑	☐	☐
16. The charter school implements **Uniform Complaint Procedure (UCP)** policies and procedures with appropriate corresponding forms and documents, readily available to stakeholders at the school site and on the school's website, that are compliant with federal and state requirements., See, e.g., Cal. Code Regs, Title 5, § 4600 et seq., and guidance provided at http://www.cde.ca.gov/re/cp/uc/	The governing board has reviewed the school's: ● UCP policies ● UCP procedures ● UCP forms	☑	☐	☐
17. The charter school, as a recipient of federal reimbursement for the National School Lunch/Breakfast program and/or as a school on District property, has adopted a **Local School Wellness Policy**. See 42 U.S.C.A. § 1751, et seq.; 42 U.S.C.A. § 1771, et seq. Note: Even if the charter school is not participating in the National School Lunch or Breakfast program development and adoption of an equivalent Wellness Policy would benefit the school and its students.	Local School Wellness Policy, including evidence of stakeholder input in the development of the policy and annual progress report.	☑	☐	☐
18. The charter school governing board oversees the development of and approves/adopts the **educational partner engagement** process, goals, actions, measurable outcomes, and expenditures in the school's **Local Control Accountability Plan (LCAP)** and annual update in consultation with teachers, staff, administrators, parents, and students. See Ed.	Documentation of educational partner engagement, including Board Meeting Agendas, Board Minutes, LCAP, and related documents (e.g., Budget Overview for	☑	☐	☐

Compliance Requirements	Supporting Documentation			
Code § 47606.5.	Parents, Action Tables, etc.).			
19. The charter school ensures compliance with the LAUSD's **Keeping Parents Informed: Charter Public School Transparency Resolution** of January 12, 2016, which includes documents available both manually and electronically, and if the charter school occupies a building on the AB300 list (seismic safety survey), it has posted a notice of such status in its main office. Ed. Code §§ 17280 to 17317.	Documentation of discussion by the Governing Board including Board Meeting Agendas and Board Minutes and review that documentation is available both manually and electronically.	☑	☐	☐
20. The charter school ensures that it complies with **all applicable federal and state laws regarding students experiencing homelessness and foster youth,** including but not limited to, the provisions of the federal McKinney-Vento Homeless Assistance Act and the provisions of Education Code sections 48850, et seq., 48915.5, 49069.5, and 51225.1, et seq.,, as amended from time to time.	Documentation of compliance with the requirements, which may include but is not limited to, the name of the charter school's designee and the partial credit policy, if applicable.	☑	☐	☐
21. **Charter Schools Serving Grade 9:** The charter school complies with all applicable mathematics requirements of Ed. Code § 51224.7.	Documentation of the adoption of the charter school's established policy in compliance with Ed. Code, § 51224.7, including the Board Meeting Agendas and Board Minutes.	☐	☐	☐
22. The charter school complies with all applicable requirements of Ed. Code, § 215: Pupil Suicide Prevention Policies. (Schools serving Grades 7-12). If the charter school is co-located on District property (Prop 39), the charter school must comply with all applicable requirements including the District's policy (BUL: 2637.5 *Suicide Prevention, Intervention, and Postvention*) and must access training via the District's website through MyPLN.	Documentation of the adoption of the charter school's policy as outlined in Ed. Code, § 215, including the Board Meeting Agendas and Board Minutes.	☐	☐	☐
23. **Charter Schools Serving High School (grades 9-12)**: The charter school has	Charter school approvals are listed on	☐	☐	☐

Compliance Requirements	Supporting Documentation			
obtained Western Association of Schools and Colleges (WASC) accreditation and University of California (UC) Doorways Course Approval.	the WASC website and UC Doorways website.			
24. The charter school complies with all applicable requirements of Ed. Code §§ 231.5 and 231.6 regarding sexual harassment notifications (charter schools serving Grades 9-12).	Verification of pupils being notified in accordance with applicable legal requirements (Ed. Code §§ 231.5 and 231.6), displaying a poster in bathrooms and locker rooms at the schoolsite.	☐	☐	☐
25. Charter school must comply with all online posting requirements related to the filing of a **Title IX** complaint pursuant to Ed. Code, § 221.61.	Documentation of the charter school's online posting(s) containing all the required information set forth in Ed. Code, § 221.61.	☑	☐	☐
26. Charter school must comply with all **Title IX** federal statutory and regulatory requirements including the adoption and publishing of grievance procedures. These procedures are intended to provide for the prompt and equitable resolution of student and employee complaints	Documentation of the charter school's adoption and publishing of its grievance procedures including the Board Meeting Agenda(s) and Board Minute(s).	☑	☐	☐
27. The charter school complies with all applicable requirements of Ed. Code § 56040.3 pertaining to school-purchased **assistive technology** devices for individuals with exceptional needs.	Documentation of compliance with the requirements, which may include but is not limited to, how students were provided access to assistive technology devices in order to receive a free appropriate public education.	☑	☐	☐
28. Charter schools must comply with all	Documentation of	☑	☐	☐

Compliance Requirements	Supporting Documentation			
applicable requirements of Ed. Code § 49501.5 and must make available a **nutritionally adequate breakfast and a nutritionally adequate lunch free of charge** and with adequate time to eat, during each school day to any pupil who requests a meal without consideration of the pupil's eligibility for a federally funded free or reduced-price meal.	compliance with the requirements, which may include but is not limited to, how the charter school implemented a Universal Meals Program for school children, and whether the school participated in the federal National School Lunch Program (NSLP) and School Breakfast Program (SBP).			
29. The charter school complies with all applicable requirements of Ed. Code § 44258.9 related to the state's annual teacher assignment monitoring via the **California Statewide Assignment Accountability System (CalSAAS)** and engages in the CalSAAS to address any possible misassignments within the designated timelines. The charter school must correct misassignments within 30 calendar days.	Participation in the CalSAAS. Timely responses to the Monitoring Authority's questions/requests in the CalSAAS. Documentation of corrected misassignments.	☑	☐	☐
30. If Charter School is offering **Independent Studies** (IS), comply with all applicable legal requirements for IS (Ed. Code, §§ 51744-51749.6; 5 C.C.R, §§ 11700-11705), including, Ed. Code, §§ 49501.5, 46300 *et seq*., which include but are not limited to, adopting/updating and implementing written policies relating to IS.	Independent Study Policy	☑	☐	☐
31**. For charter schools serving grades K-6**, charter school complies with all applicable recess requirements of Ed. Code, § 49056 and related updates in SB 153.	Recess Policy	☑	☐	☐

Compliance Requirements	Supporting Documentation			
32. **For charter schools serving High School grades,** the charter school complies with all applicable requirements including Ed. Code, §§ 51225.1 and 51225.2.	Graduation Policy	☐	☐	☐
33. **For charter schools serving elementary school grades,** complies with AB 2268 regarding English Language exemptions and assessments (Ed. Code, §§ 313 and 60810.).	English Language Learners: Pupil Instruction	☑	☐	☐
34. **For charter schools serving High School grades,** complies with AB 245 regarding mandated training for high school athletic coaches in CPR, AED certifications, cardiac arrest response, concussions, heat illnesses, etc. (Ed. Code, §§ 35179.1 and 35179.4.).	Physical Education Training and Emergency Action Plan	☐	☐	☐
35. **For charter schools offering interscholastic athletic program**, complies with AB 1653. (Ed. Code, § 35179.4.).	Emergency Action Plan	☐	☐	☐
36. **For charter school providing certain transportation services for pupils**, complies with SB 88 regarding tuberculosis risk assessment, safety and qualification rules for transportation contractors. (Ed. Code, §§ 49406 and 39875, *et seq*.)	Certification of Clearances, Credentialing and Mandated Training or Vendor Certification	☑	☐	☐
37**. For charter schools serving 6th through 8th grade,** complies with AB659 regarding human papillomavirus (HPV) vaccination. (e.g., Ed. Code, § 48980.4.)	Pupil and Parent Notification	☐	☐	☐

Compliance Requirements	Supporting Documentation			
38. Charter School complies with AB 889 regarding risks of unprescribed synthetic drugs like fentanyl and drug sales on social media. (Ed. Code, § 48985.5.)	Charter School Website	☑	☐	☐
39. **For charter schools serving High School grades,** comply with SB153 California Guidance Initiative. (Ed. Code, § 51225.7, *et seq*.)	Pupil and Parent Notification	☐	☐	☐
40. For charter schools **serving grades 7-12** comply with notification requirements regarding any dual enrollment or International Baccalaureate courses offered. (Ed. Code, § 48980.6.)	Annual notification to parent or guardians	☐	☐	☐
41. For students serving pupils in **kindergarten or grades 1 or 2**, the charter school shall assess each pupil for risk of reading difficulties, using the screening instrument or instruments adopted by the governing board. (Ed. Code, § 53008.)	Adopted reading screening	☑	☐	☐
42. For charter schools **serving grades 7-12**, required LGBTQ training of all certificated employees pursuant to Education Code section 218.3.	Documentation of trainings	☐	☐	☐
43. Adopt and implement immigration enforcement policy consistent with Education Code section 234.7.	Immigration Enforcement Policy	☑	☐	☐
44. The charter school or charter operator offers employee retirement benefits and/or makes employee contributions in a manner consistent with all applicable legal and charter requirement. (Ed. Code, §§ 47605(c)(5)(J)	Verification that employee retirement benefits are offered and/or employee contributions are made	☑	☐	☐

Compliance Requirements	Supporting Documentation			
and 47611; Gov. Code, § 100032(e)*; Element 10 of operative charter.) * By December 31, 2025, eligible employers with one or more eligible employees and that do not offer a retirement savings program pursuant to subdivision (h) shall have a payroll deposit retirement savings arrangement to allow employee participation in the program.	as described under Compliance Requirements.			
45. Regular board members receive training in K-12 public education school finance laws and budget governance per AB 640 (Ed. Code § 35220, *et seq*).	Training materials and sign-ins.	☑	☐	☐
46. By July 1, 2027, adopt CDE's model policy or create/update student discipline policy with stakeholders' input, regarding handling off-campus cyberbullying per AB 772 (Ed Code §§ 234.41.)	Cyberbullying Policy	☑	☐	☐
		☐	☐	☐

Identify the non-applicable items here:

Item Number	Reason not applicable
6	**Not co-located**
21	**Grade levels not applicable**
22	**Grade levels not applicable**
23	**Grade levels not applicable**
24	**Grade levels not applicable**

32	**Grade levels not applicable**
34	**Grade levels not applicable**
35	**Grade levels not applicable**
37	**Grade levels not applicable**
39, 40, 42	**Grade levels not applicable**

CERTIFICATION OF SCHOOL ADMINISTRATOR'S COMPLIANCE REVIEW

(By Friday, October 16, 2026)

The undersigned hereby certifies that, on Sep 24, 2026 **the School Administrator of**

Date(s)

MAGNOLIA SCIENCE ACADEMY 7

Name of Charter School

reviewed the school's compliance with legal, charter, and District policy requirements.

MUSA AVSAR	MusaA.	09/24/26
Printed Name of School Administrator	**Signature of School Administrator**	**Date Signed**

CERTIFICATION OF BOARD COMPLIANCE REVIEW

(By Friday, January 8, 2027)

The undersigned hereby certifies that, on OCTOBER 8, 2026 **, the Governing Board of**

Date(s)

MAGNOLIA SCIENCE ACADEMY 7

Name of Charter School

reviewed the school's compliance with legal, charter, and District policy requirements.

This certification includes the following relevant documentation:

☐ Board Agenda where item was discussed

MEKAN MUHAMMEDOV		
Printed Name of Governing Board Chair	**Signature of Governing Board Chair**	**Date Signed**

CHARTER SCHOOL COMPLIANCE MONITORING
2026-2027
ATTACHMENT E

Pursuant to its chartering oversight duties set forth in the Charter Schools Act (see e.g., Ed. Code, § 47604.32), the LAUSD, through the Charter Schools Division (CSD), monitors each charter school's compliance with applicable legal, charter, and policy requirements. To this end, the CSD's oversight process encompasses three important actions by each charter school:

(1) School Administrator's Certification: As the CSD continues its focus on ensuring that the well-being of students remains first and foremost, **by Friday, October 16, 2026**, as part of the school's triannual electronic submission of documents, we request that the **school site administrator** submit the attached certification confirming the school's implementation of safety measures at the beginning of the school year. This beginning of the year certification by the school administrator informs the governing board and supports the school in ensuring that critical organizational and management systems are in place as the school year begins, as these requirements greatly impact students, staff, and the public. **Please submit the entire document to the CSD via Dropbox with *only* the school administrator's columns completed, along with the administrator's signature no later than Friday, October 16, 2026.**

(2) Certification of Board Compliance Review: As in previous years, and as part of the Governing Board's fulfillment of its fiduciary governance responsibility to ensure that the charter school complies with all applicable laws and other requirements, it is critical that the school's Governing Board periodically review, discuss, monitor, and modify, if necessary, the school's policies and systems for compliance with such requirements. **Please complete and sign the *final* certification at the end of the attached document, *Compliance Monitoring and Certification of Board Compliance Review 2026-2027*, and return the entire document including the administrator's certification from the first submission. Please include the relevant Board agenda(s) as evidence of the Governing Board's review of these items and submit to the CSD via Dropbox no later than January 8, 2027.**

The CSD is very much aware and acknowledges that governing boards provide fiduciary oversight and hires a leader (or leaders) to execute day-to-day operations and appropriately delegated functions. Moreover, the charter school's governing board is the first line of charter school oversight. As part of the District's oversight process, this certification is intended to serve as a formal acknowledgement from charter school governing boards of their review and appropriate due diligence in these key areas as part of their own organizational oversight function. As stated in the *LAUSD Policy and Procedures for Charter Schools*, "While LAUSD is responsible to provide oversight of its charter schools and the entities managing charter schools, the primary oversight of each charter school must first and foremost be performed by the charter school's own governing board. The governing board of a charter school has an ongoing responsibility to oversee the operations of its charter school(s), ensuring that every charter school it oversees is providing a high-quality educational program for students enrolled, is successfully fulfilling the terms of their charter, is fiscally sound, and complies with applicable laws, regulations, and court orders." This annual certification also provides charter governing boards an opportunity to confirm with their school leadership that systems are/remain in place to fulfill these critical requirements that impact students, staff, and the public.

(3) Documentation of Compliance: As we have historically done, the CSD will review documentation of compliance with several key legal requirements as part of this year's annual performance-based oversight visit to each charter school. To facilitate effective and efficient compliance review on the day of the visit, please adhere to the guidance provided in the *Annual Performance-Based Oversight Visit Preparation Guide 2026-2027* for the preparation of the school's compliance documentation. Please ensure that this documentation is current, complete, and accurate. The "Supporting Documentation" column of the table in

the attached *Compliance Monitoring and Certification of Board Compliance Review 2026-2027* may provide useful support and assistance in this endeavor. Please be reminded that this list is not exhaustive, and it is the responsibility of the charter school and its board to ensure compliance with all applicable legal, charter and District requirements.

We appreciate your continued collaboration and cooperation as we work together so that all youth achieve in healthy and safe environments. Should you have questions, please contact your assigned CSD administrator.

COMPLIANCE MONITORING AND CERTIFICATION OF BOARD COMPLIANCE REVIEW 2026-2027

School Name: MAGNOLIA SCIENCE ACADEMY BELL

Administrator Name: ADRIAN URIBE

Board President Name: MEKAN MUHAMMEDOV

Charter Management Organization: MAGNOLIA PUBLIC SCHOOLS

LAUSD Loc. Code: 5166

INSTRUCTIONS: This Compliance Monitoring and Certification Checklist needs to be submitted twice but both certifications must be completed on the same form.

First submission should be completed by checking each appropriate box (Compliant **OR** In Process) for all items; school administrator needs to sign and date the certification page and submit all pages no later than October 16, 202 6 via Dropbox.

Second submission needs to be completed by checking each appropriate items 1-39 under the board certification column, Board Chair needs to sign the certification page and submit with supporting documentation including the Board Agenda where checklist was discussed, Board Minutes and Board Agenda approving the minutes no later than January 8, 2027 via Dropbox.

Note: All items should be checked. If an item is not applicable, leave the item blank and identify why it is not applicable in the chart below. Compliance Certification with wet signatures must remain at the school site and be available for review upon request by the oversight team at any time.

Compliance Requirements	Supporting Documentation	SCHOOL ADMIN. BY October 16, 2026		BOARD CERTIFICATION BY JANUARY 8, 2027
		COMPLIANT	REQUIREMENT IN PROCESS	
1. The charter school maintains timely and current verification of **criminal background and TB clearances** for all employees (including substitutes, part-time staff, and temporary employees) and contracting entities (service providers, vendors, and independent contractors). See, e.g., Ed. Code § 47605(c) (5)(F); Ed. Code §§ 45122.1 and 45125.1; Ed. Code § 49406; Ed. Code § 44237.	Documentation that the school has at least one DOJ-confirmed Custodian of Records.	☑	☐	☐
	Completed and signed "Certification of Clearances, Credentialing and Mandated Reporter Training 2026-2027" form	☑	☐	☐

Compliance Requirements	Supporting Documentation			
	Completed and signed "Criminal Background Clearance Certification" for each faculty and staff member to certify criminal background clearance prior to employment.	☑	☐	☐
	Certification of timely DOJ and TB clearances by all contracting entities.	☑	☐	☐
	Documentation of compliance with applicable volunteer clearance requirements, including tuberculosis (TB) risk assessment/clearance requirements. Ed Code § 49406; Health & Safety Code §§ 121525, 121535, 121545, and 121555.	☑	☐	☐
2. Teachers hold an EL Certification and a valid Commission on **Teacher Credentialing** Certificate, permit, or other documents equivalent to that which a teacher in other public schools would be required to hold per federal and state law, ESSA. See Ed. Code § 47605(l).	For each certificated staff member: Credential(s) are appropriate for the position(s) to which the person has been assigned, and are in alignment with Ed. Code § 47605(l) and other applicable law	☑	☐	☐
	Master schedule that shows all assignment(s) of each certificated staff member.	☑	☐	☐
2a. The administration and board have a system in place for reporting applicable employee misconduct to the Commission on Teacher Credentialing.	Internal human resources procedures.	☑	☐	☐
3. The Charter Schools Division (CSD) has been	Accurate and updated	☑	☐	☐

Compliance Requirements	Supporting Documentation			
provided with, and parents have access to, the school's most current **contact information** for each Governing Board member and the **2026-2027 Board meetings calendar**.	school contact information.			
	Accurate and updated list/roster of Governing Board members and contact information.	☑	☐	☐
	Calendar of Governing Board meeting dates and location(s).	☑	☐	☐
4. Charter school complies with the **pre- and post-lottery and enrollment forms** guidelines and related requirements.	Lottery form and enrollment packet.	☑	☐	☐
5. Charter school shall ensure that staff receives annual **training on the charter school's health, safety, and emergency procedures**, and shall maintain a calendar for, and conduct, emergency response drills for students and staff including, but not limited to: a. Health, Safety and Emergency Preparedness Plan (School Safety Plan) (see, e.g., Ed Code §§ 32280-32289) b. Child Abuse Mandated Reporter training requirements (Ed. Code § 44691; Penal Code § 11164, *et seq*.) c. Blood borne Pathogens training (see 8 CCR § 5193) d. Pupil Suicide Prevention Policy, as outlined in Ed. Code, § 215	Comprehensive Health, Safety, and Emergency Plan.	☑	☐	☐
	Documentation of emergency drills and preparedness training.	☑	☐	☐
	Documentation of timely and compliant Child Abuse Mandated Reporter training.	☑	☐	☐
	Documentation of annual Blood borne Pathogens training.	☑	☐	☐
	Documentation of Pupil Suicide Prevention Policy training.	☑	☐	☐
6. **Co-located Charter Schools only**- The school administrator and governing board acknowledges and understands that the independent charter school follows applicable District policy, including the District School Safety Plan, as a co-located charter school.	Participation in District and site level co-location meetings. Review of Policy Bulletin-5532.2 Meeting with district site principal for additional information and questions.	☑	☐	☐
7. The charter school has either implemented the	EL Certification Form	☑	☐	☐

Compliance Requirements	Supporting Documentation			
LAUSD **Master Plan for English Learners and Standard English Learners** or reviewed and implemented its own master plan in accordance with English Language Master Plan requirements. See current FSDRL.				
	EL Master Plan has been reviewed (if the school has not adopted the LAUSD EL Master Plan).	☑	☐	☐
8. The charter school's school climate and student discipline systems and procedures align with applicable law and LAUSD's **Discipline Foundation Policy** and **School Climate Bill of Rights**. See current FSDRL.	Description of the school-wide student behavior and discipline system that aligns with Discipline Foundation Policy and School Climate Bill of Rights.	☑	☐	☐
	Evidence of tiered behavior intervention, alternatives to suspension, and school positive behavior support that the school provides.	☑	☐	☐
9. Charter School shall maintain all data involving placement, tracking, and monitoring of student **suspensions, expulsions, involuntary removals and reinstatements**, and make such outcome data readily available to the LAUSD upon request. The charter school submits student suspension and expulsion data to the Office of Data and Accountability on a monthly basis. See current FSDRL.	Monthly suspension and expulsion reports.	☑	☐	☐
10. Charter School ensures that any and all school **communications, including the Parent Student Handbook**, are consistent with the provisions of school's approved charter as well as applicable law (e.g., translation required in the target language if Charter School has 15% of more of Stakeholders who speak that language.)	Parent Student Handbook	☑	☐	☐
11. The charter school's occupancy and use of **facilities shall be in compliance** with applicable building codes, standards and regulations adopted by the city and/or county agencies responsible for building and safety standards, including but not limited to, the Americans with Disabilities Act and Section	Current and appropriate Certificate of Occupancy or equivalent; fire permit that certifies a thorough and comprehensive fire life safety inspection	☑	☐	☐

Compliance Requirements	Supporting Documentation			
504, and all other applicable fire, health, and structural safety and access requirements. See 42 U.S.C.A. § 12182; Ed. Code § 47610. See current FSDRL.	has been conducted annually; and other required documentation (for any school site not located on District property).			
12. The charter school complies with all public accountability, ethics and integrity laws, including, but not limited to: ● Ralph M. Brown Act, Gov. Code §§ 54950, et seq. ● Political Reform Act of 1974, Gov. Code §§ 81000, et seq. ● California Public Records Act, Gov. Code § 7920.000, et seq. ● Conflicts of Interest, Gov. Code § 1090 as set forth in Education Code section 47604.1. ● Ethics Training for Officials, Gov. Code § 53235.	Board meeting agendas and minutes for the past 12 months.	☑	☐	☐
	Verification of compliant public posting of Board agendas, including on the school website.	☑	☐	☐
	Evidence of Brown Act training.	☑	☐	☐
	Forms 700 (and any applicable required documents) filed with the Los Angeles County Board of Supervisors as required and maintained at the school site/organization. Remaining applicable employees forms 700 are maintained at the school site/ organization.	☑	☐	☐
	School policy for responding to Public Records Act requests.	☑	☐	☐
13. The charter school governing board ensures that their **Articles of Incorporation** are current, filed, and appropriate for the operation of the charter school.	Corporate papers, including any and all Articles of Incorporation (initial documents and any subsequent amendments), for entities affiliated with the charter school.	☑	☐	☐

Compliance Requirements	Supporting Documentation			
14. **By-laws** are current and consistent with approved charter, Governing Board-approved, and signed by the Governing Board secretary.	Current and signed Board-approved bylaws.	☑	☐	☐
15. The charter school meets the provisions of eligibility and/or is a participant of state and **federal programs and/or grants**, which may include but not limited to, the following: Title I, II, III, and other programs, child nutrition programs, Proposition 20 – State Lottery (e.g., Gov. Code § 8880.4), Education Protection Act (Proposition 30), Special Education (Ed. Code § 56000, et seq.), Ed. Code § 47614.5, and all other federal and state programs in which the charter school participates.	A list of current federal and/or state programs that the school is participating in and/or receiving grants from, and a certification that the school has met the provisions of eligibility and/or requirements of these programs.	☑	☐	☐
16. The charter school implements **Uniform Complaint Procedure (UCP)** policies and procedures with appropriate corresponding forms and documents, readily available to stakeholders at the school site and on the school's website, that are compliant with federal and state requirements., See, e.g., Cal. Code Regs, Title 5, § 4600 et seq., and guidance provided at http://www.cde.ca.gov/re/cp/uc/	The governing board has reviewed the school's: ● UCP policies ● UCP procedures ● UCP forms	☑	☐	☐
17. The charter school, as a recipient of federal reimbursement for the National School Lunch/Breakfast program and/or as a school on District property, has adopted a **Local School Wellness Policy**. See 42 U.S.C.A. § 1751, et seq.; 42 U.S.C.A. § 1771, et seq. Note: Even if the charter school is not participating in the National School Lunch or Breakfast program development and adoption of an equivalent Wellness Policy would benefit the school and its students.	Local School Wellness Policy, including evidence of stakeholder input in the development of the policy and annual progress report.	☑	☐	☐
18. The charter school governing board oversees the development of and approves/adopts the **educational partner engagement** process, goals, actions, measurable outcomes, and expenditures in the school's **Local Control Accountability Plan (LCAP)** and annual update in consultation with teachers, staff, administrators, parents, and students. See Ed.	Documentation of educational partner engagement, including Board Meeting Agendas, Board Minutes, LCAP, and related documents (e.g., Budget Overview for	☑	☐	☐

Compliance Requirements	Supporting Documentation			
Code § 47606.5.	Parents, Action Tables, etc.).			
19. The charter school ensures compliance with the LAUSD's **Keeping Parents Informed: Charter Public School Transparency Resolution** of January 12, 2016, which includes documents available both manually and electronically, and if the charter school occupies a building on the AB300 list (seismic safety survey), it has posted a notice of such status in its main office. Ed. Code §§ 17280 to 17317.	Documentation of discussion by the Governing Board including Board Meeting Agendas and Board Minutes and review that documentation is available both manually and electronically.	☑	☐	☐
20. The charter school ensures that it complies with **all applicable federal and state laws regarding students experiencing homelessness and foster youth,** including but not limited to, the provisions of the federal McKinney-Vento Homeless Assistance Act and the provisions of Education Code sections 48850, et seq., 48915.5, 49069.5, and 51225.1, et seq.,, as amended from time to time.	Documentation of compliance with the requirements, which may include but is not limited to, the name of the charter school's designee and the partial credit policy, if applicable.	☑	☐	☐
21. **Charter Schools Serving Grade 9:** The charter school complies with all applicable mathematics requirements of Ed. Code § 51224.7.	Documentation of the adoption of the charter school's established policy in compliance with Ed. Code, § 51224.7, including the Board Meeting Agendas and Board Minutes.	☐	☐	☐
22. The charter school complies with all applicable requirements of Ed. Code, § 215: Pupil Suicide Prevention Policies. (Schools serving Grades 7-12). If the charter school is co-located on District property (Prop 39), the charter school must comply with all applicable requirements including the District's policy (BUL: 2637.5 *Suicide Prevention, Intervention, and Postvention*) and must access training via the District's website through MyPLN.	Documentation of the adoption of the charter school's policy as outlined in Ed. Code, § 215, including the Board Meeting Agendas and Board Minutes.	☑	☐	☐
23. **Charter Schools Serving High School (grades 9-12)**: The charter school has	Charter school approvals are listed on	☐	☐	☐

Compliance Requirements	Supporting Documentation			
obtained Western Association of Schools and Colleges (WASC) accreditation and University of California (UC) Doorways Course Approval.	the WASC website and UC Doorways website.			
24. The charter school complies with all applicable requirements of Ed. Code §§ 231.5 and 231.6 regarding sexual harassment notifications (charter schools serving Grades 9-12).	Verification of pupils being notified in accordance with applicable legal requirements (Ed. Code §§ 231.5 and 231.6), displaying a poster in bathrooms and locker rooms at the schoolsite.	☐	☐	☐
25. Charter school must comply with all online posting requirements related to the filing of a **Title IX** complaint pursuant to Ed. Code, § 221.61.	Documentation of the charter school's online posting(s) containing all the required information set forth in Ed. Code, § 221.61.	☑	☐	☐
26. Charter school must comply with all **Title IX** federal statutory and regulatory requirements including the adoption and publishing of grievance procedures. These procedures are intended to provide for the prompt and equitable resolution of student and employee complaints	Documentation of the charter school's adoption and publishing of its grievance procedures including the Board Meeting Agenda(s) and Board Minute(s).	☑	☐	☐
27. The charter school complies with all applicable requirements of Ed. Code § 56040.3 pertaining to school-purchased **assistive technology** devices for individuals with exceptional needs.	Documentation of compliance with the requirements, which may include but is not limited to, how students were provided access to assistive technology devices in order to receive a free appropriate public education.	☑	☐	☐
28. Charter schools must comply with all	Documentation of	☑	☐	☐

Compliance Requirements	Supporting Documentation			
applicable requirements of Ed. Code § 49501.5 and must make available a **nutritionally adequate breakfast and a nutritionally adequate lunch free of charge** and with adequate time to eat, during each school day to any pupil who requests a meal without consideration of the pupil's eligibility for a federally funded free or reduced-price meal.	compliance with the requirements, which may include but is not limited to, how the charter school implemented a Universal Meals Program for school children, and whether the school participated in the federal National School Lunch Program (NSLP) and School Breakfast Program (SBP).			
29. The charter school complies with all applicable requirements of Ed. Code § 44258.9 related to the state's annual teacher assignment monitoring via the **California Statewide Assignment Accountability System (CalSAAS)** and engages in the CalSAAS to address any possible misassignments within the designated timelines. The charter school must correct misassignments within 30 calendar days.	Participation in the CalSAAS. Timely responses to the Monitoring Authority's questions/requests in the CalSAAS. Documentation of corrected misassignments.	☑	☐	☐
30. If Charter School is offering **Independent Studies** (IS), comply with all applicable legal requirements for IS (Ed. Code, §§ 51744-51749.6; 5 C.C.R, §§ 11700-11705), including, Ed. Code, §§ 49501.5, 46300 *et seq*., which include but are not limited to, adopting/updating and implementing written policies relating to IS.	Independent Study Policy	☑	☐	☐
31**. For charter schools serving grades K-6**, charter school complies with all applicable recess requirements of Ed. Code, § 49056 and related updates in SB 153.	Recess Policy	☑	☐	☐

Compliance Requirements	Supporting Documentation			
32. **For charter schools serving High School grades,** the charter school complies with all applicable requirements including Ed. Code, §§ 51225.1 and 51225.2.	Graduation Policy	☐	☐	☐
33. **For charter schools serving elementary school grades,** complies with AB 2268 regarding English Language exemptions and assessments (Ed. Code, §§ 313 and 60810.).	English Language Learners: Pupil Instruction	☐	☐	☐
34. **For charter schools serving High School grades,** complies with AB 245 regarding mandated training for high school athletic coaches in CPR, AED certifications, cardiac arrest response, concussions, heat illnesses, etc. (Ed. Code, §§ 35179.1 and 35179.4.).	Physical Education Training and Emergency Action Plan	☐	☐	☐
35. **For charter schools offering interscholastic athletic program**, complies with AB 1653. (Ed. Code, § 35179.4.).	Emergency Action Plan	☐	☐	☐
36. **For charter school providing certain transportation services for pupils**, complies with SB 88 regarding tuberculosis risk assessment, safety and qualification rules for transportation contractors. (Ed. Code, §§ 49406 and 39875, *et seq*.)	Certification of Clearances, Credentialing and Mandated Training or Vendor Certification	☑	☐	☐
37**. For charter schools serving 6th through 8th grade,** complies with AB659 regarding human papillomavirus (HPV) vaccination. (e.g., Ed. Code, § 48980.4.)	Pupil and Parent Notification	☑	☐	☐

Compliance Requirements	Supporting Documentation			
38. Charter School complies with AB 889 regarding risks of unprescribed synthetic drugs like fentanyl and drug sales on social media. (Ed. Code, § 48985.5.)	Charter School Website	☑	☐	☐
39. **For charter schools serving High School grades,** comply with SB153 California Guidance Initiative. (Ed. Code, § 51225.7, *et seq*.)	Pupil and Parent Notification	☐	☐	☐
40. For charter schools **serving grades 7-12** comply with notification requirements regarding any dual enrollment or International Baccalaureate courses offered. (Ed. Code, § 48980.6.)	Annual notification to parent or guardians	☑	☐	☐
41. For students serving pupils in **kindergarten or grades 1 or 2**, the charter school shall assess each pupil for risk of reading difficulties, using the screening instrument or instruments adopted by the governing board. (Ed. Code, § 53008.)	Adopted reading screening	☐	☐	☐
42. For charter schools **serving grades 7-12**, required LGBTQ training of all certificated employees pursuant to Education Code section 218.3.	Documentation of trainings	☑	☐	☐
43. Adopt and implement immigration enforcement policy consistent with Education Code section 234.7.	Immigration Enforcement Policy	☑	☐	☐
44. The charter school or charter operator offers employee retirement benefits and/or makes employee contributions in a manner consistent with all applicable legal and charter requirement. (Ed. Code, §§ 47605(c)(5)(J)	Verification that employee retirement benefits are offered and/or employee contributions are made	☑	☐	☐

Compliance Requirements	Supporting Documentation			
and 47611; Gov. Code, § 100032(e)*; Element 10 of operative charter.) * By December 31, 2025, eligible employers with one or more eligible employees and that do not offer a retirement savings program pursuant to subdivision (h) shall have a payroll deposit retirement savings arrangement to allow employee participation in the program.	as described under Compliance Requirements.			
45. Regular board members receive training in K-12 public education school finance laws and budget governance per AB 640 (Ed. Code § 35220, *et seq*).	Training materials and sign-ins.	☑	☐	☐
46. By July 1, 2027, adopt CDE's model policy or create/update student discipline policy with stakeholders' input, regarding handling off-campus cyberbullying per AB 772 (Ed Code §§ 234.41.)	Cyberbullying Policy	☑	☐	☐
		☐	☐	☐

Identify the non-applicable items here:

Item Number	Reason not applicable
21	**Grade levels not applicable**
23	**Grade levels not applicable**
24	**Grade levels not applicable**
32	**Grade levels not applicable**
33	**Grade levels not applicable**

34	**Grade levels not applicable**
35	**Grade levels not applicable**
39	**Grade levels not applicable**
41	**Grade levels not applicable**

CERTIFICATION OF SCHOOL ADMINISTRATOR'S COMPLIANCE REVIEW

(By Friday, October 16, 2026)

The undersigned hereby certifies that, on Sep 26, 2026 **the School Administrator of**

Date(s)

MAGNOLIA SCIENCE ACADEMY BELL

Name of Charter School

reviewed the school's compliance with legal, charter, and District policy requirements.

ADRIAN URIBE	Adrian Uribe	09/26/26
Printed Name of School Administrator	**Signature of School Administrator**	**Date Signed**

CERTIFICATION OF BOARD COMPLIANCE REVIEW

(By Friday, January 8, 2027)

The undersigned hereby certifies that, on OCTOBER 8, 2026 **, the Governing Board of**

Date(s)

MAGNOLIA SCIENCE ACADEMY BELL

Name of Charter School

reviewed the school's compliance with legal, charter, and District policy requirements.

This certification includes the following relevant documentation:

☐ Board Agenda where item was discussed

MEKAN MUHAMMEDOV		
Printed Name of Governing Board Chair	**Signature of Governing Board Chair**	**Date Signed**

COMPLIANCE MONITORING AND CERTIFICATION OF GOVERNING BOARD COMPLIANCE REVIEW 2026–27

School Name: MAGNOLIA SCIENCE ACADEMY SANTA ANA

(CDS Code Number): 30-76893-0130765

Compliance Requirements
1. The charter school follows the credentialing requirements in California *Education Code (EC)*, Section 47605 (l)(1)(2) and that each teacher has satisfied the requirements for the Certificate of Clearance as outlined in *EC*, sections 44339, 44330, and 44341
2. The charter school maintains timely and current verification of tuberculosis clearances for all employees (including substitutes, part-time staff, and temporary employees) and contracting entities (service providers, vendors, and independent contractors). *EC*, section 49406.
3. The Charter Schools Division has been provided with, and parents have access to, the school's most current contact information for each Governing Board member and the 2026–27 Board meetings calendar.
4. The charter school complies with the pre- and post-lottery and enrollment forms guidelines.
5. The charter school shall ensure that staff receives annual training on the charter school's health, safety, and emergency procedures, and shall maintain a calendar for, and conduct, emergency response drills for students and staff including, but not limited to: • Health, Safety and Emergency Preparedness Plan (School Safety Plan) *EC* 32280–32289 • Child Abuse Mandated Reporter Training Assembly Bill (AB) 1432 (2014); *EC* 44691; *Penal Code* Section 11165.7 ▪ Blood borne Pathogens training *California Code of Regulations*, Title 8, Section 5193 ▪ Pupil Suicide Prevention Policy, AB 2246 (2016)
6. The charter school's school climate and student discipline systems and procedures align with best practices.

Compliance Requirements
7. The charter school shall maintain all data involving placement, tracking, and monitoring of student suspensions, expulsions, and reinstatements, and make such outcome data readily available upon request.
8. The charter school ensures that any and all school communications, including the Parent Student Handbook, are consistent with the provisions of the school's approved charter as well as applicable law (e.g., translated for 15 percent and above languages)
9. The charter school's occupancy and use of facilities shall follow applicable building codes, standards and regulations adopted by the city and/or county agencies responsible for building and safety standards, and the Americans with Disability Act, *EC* 47610
10. The charter school complies with all federal and state laws related to public entities, including, but not limited to: • Ralph M. Brown Act • Political Reform Act • Public Records Act • *Government Code*, Section 1090
11. The charter school ensures that its Articles of Incorporation are current and appropriate for the operation of the charter school.
12. By-laws are current and consistent with the approved charter, Governing Board-approved, and signed by the Governing Board secretary.
13. The charter school implements its own Uniform Complaint Procedure policies and procedures with appropriate corresponding forms and documents, readily available to stakeholders at the school site and on the school's website, that are compliant with federal and state requirements. Guidance provided at http://www.cde.ca.gov/re/cp/uc/.

Compliance Requirements
14. The Governing Board oversees the development of and approves/adopts the Local Control Accountability Plan for the 2026–27 school year (*EC* 47606.5).
15. The charter school ensures that it follows all applicable state law regarding homeless and foster youth, including but not limited to the provisions of AB 379 (2015) and *EC* 48850
16. The charter school has a form posted on their website for complaints pursuant to *EC* 47605(e)(4)(A) through (E) to be filed with the charter authorizer. The California Department of Education has provided a template form for use by charter schools. This template form must be modified before distributing to parents and posting on the charter school's website. The template form can be found at https://www.cde.ca.gov/sp/ch/documents/rescscomplaints0323.pdf.
17. For schools serving grade nine only: The charter school complies with all applicable requirements of the California Mathematics Placement Act of 2015.
18. The charter school complies with all applicable requirements of AB 2246: Pupil Suicide Prevention Policies.
19. For high schools only: The charter school has obtained or is in the process of obtaining, Western Association of Schools and Colleges accreditation and University of California Office of the President Doorways Course Approval.

Please attach the relevant Governing Board agenda(s) and approved minutes for the meeting(s)at which the Governing Board has reviewed the school’s compliance with the items listed above.

California Department of Education reserves the right to request, at any time supporting documentation for the requirements listed below.

CERTIFICATION OF SCHOOL ADMINISTRATOR'S COMPLIANCE REVIEW

(by October 31, 2026)

The undersigned hereby certifies that, on Sept 28, 2026 **the School Administrator of**

Date(s)

MAGNOLIA SCIENCE ACADEMY SANTA ANA

Name of Charter School

reviewed the school's compliance related policies, systems, and procedures.

Steven Keskinturk	*Steven Keskinturk*	Sept 28, 2026
Printed Name of School Administrator	***Signature of School Administrator***	***Date Signed***

CERTIFICATION OF GOVERNING BOARD COMPLIANCE REVIEW

(by October 31, 2026)

The undersigned hereby certifies that, on October 8, 2026 **the Governing Board of**

Date(s)

MAGNOLIA SCIENCE ACADEMY SANTA ANA

Name of Charter School

reviewed the school's compliance related policies, systems, and procedures.

Mekan Muhammedov		
Printed Name of Governing Board Chair	***Signature of Governing Board Chair***	***Date Signed***

Coversheet

Approval of the Updated 2026-27 Magnolia Public Schools (MPS) Employee Handbook

Section: IV. Consent Items
Item: B. Approval of the Updated 2026-27 Magnolia Public Schools (MPS) Employee Handbook
Purpose: Vote
Submitted by:
Related Material: IV.B MPS Employee Handbook - Updated.pdf

Agenda Item:	IV.B Consent Item
Date:	October 8, 2026
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 the Updated 2026-27 MPS Employee Handbook

Action Proposed:

Staff recommends the approval of the updated 2026-27 MPS Employee Handbook as presented effective immediately.

Background:

The MPS People and Culture Department worked with legal counsel, Rosenberg Cassady LLP to update the handbook to be compliant with labor codes and regulations.

Analysis:

Below is the summary of changes in the employee handbook.

- Pregnancy disability leave: MPS previously updated its Employee Handbook to provide up to fourteen (14) weeks of paid pregnancy disability leave in anticipation of new legislation. With implementation delayed until January 2027 to allow for further clarification on administration, MPS is bringing a corresponding policy revision to the Board for approval to align the Handbook with the revised legislative timeline. Under the proposed revision, pregnancy disability leave will be unpaid by MPS during this interim period. MPS recognizes the importance of this support for employees experiencing pregnancy-related disabilities and remains committed to supporting eligible employees in understanding their leave rights and available benefits. MPS will review and update the policy as further guidance becomes available and implementation approaches.

- Reproductive loss leave: addition clarifying language on the eligibility. Leave is available to the intended parent or person who would have been a legal parent if the pregnancy, adoption, or surrogacy had been successful. It is not available to anyone who would not have been a legal parent of the child, including non-parent members of the family.

Budget Implications: N/A

Exhibits: Updated 2026-27 MPS Employee Handbook (clean)

MAGNOLIA
PUBLIC SCHOOLS

EMPLOYEE HANDBOOK 2026-2027

ACKNOWLEDGMENT OF RECEIPT OF EMPLOYEE HANDBOOK

PLEASE READ THE EMPLOYEE HANDBOOK AND SUBMIT A SIGNED COPY OF THIS STATEMENT TO THE PRINCIPAL.

EMPLOYEE NAME:

I ACKNOWLEDGE that I have received a copy of the Employee Handbook. I have read and understood the contents of the Handbook, and I agree to abide by its directions and procedures. I have been given the opportunity to ask any questions I might have about the policies in the Handbook. I understand that it is my responsibility to read and familiarize myself with the policies and procedures contained in the Handbook. I also understand that if I am ever unclear on any language, or policies and procedures in this Handbook, it is my responsibility to seek clarification from the School.

I understand that the statements contained in the Handbook are guidelines for employees concerning some of the School's policies and benefits and are not intended to create any contractual or other legal obligations or to alter the at-will nature of my employment with the School. In the event I do have an employment contract which expressly alters the at-will relationship, I agree to the foregoing except with reference to an at-will employment status.

I understand that except for employment at-will status, any and all policies or practices can be changed at any time by the School.

I understand that other than the CEO or the CEO designee, no person has authority to enter into any agreement, express or implied, for employment for any specific period of time, or to make any agreement for employment other than at-will. Only the CEO has the authority to make any such agreement and then only in writing.

Employee's Signature: Date:

Please review this Handbook carefully and acknowledge your receipt and understanding of it in the Human Resources Information System.

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Magnolia Public Schools

The Vision

Graduates of Magnolia Public Schools ("MPS") are scientific thinkers who contribute to the global community as socially responsible and educated members of society.

The Mission

MPS provides a college preparatory educational program emphasizing science, technology, engineering, arts, and math (STEAM) in a safe environment that cultivates respect for self and others.

Core Values

MPS has identified the following core values which are reinforced through its Life Skills curriculum, student learning outcomes (SLOs), and all school activities:

- Excellence
- Innovation
- Connection

Magnolia Science Academy Schools

Magnolia Science Academy-1	18238 Sherman Way Reseda, CA 91335	(818) 609-0507
Magnolia Science Academy-2	17125 Victory Blvd. Van Nuys, CA 91406	(818) 758-0300
Magnolia Science Academy-3	1254 East Helmick St., Carson, CA 90746	(310) 637-3806
Magnolia Science Academy-4	11330 W Graham Place Los Angeles, CA 90064	(310) 473-2464
Magnolia Science Academy-5	18238 Sherman Way Reseda, CA 91335	(818) 705-5676
Magnolia Science Academy-6	745 S Wilton Pl Los Angeles, CA 90005	(310) 842-8555
Magnolia Science Academy-7	18355 Roscoe Blvd.	(818) 221-5328

	Northridge, CA 91325	
Magnolia Science Academy-8 (Bell)	6411 Orchard Ave Bell, CA 90201	(323) 826-3925
Magnolia Science Academy-San Diego	6525 Estrella Ave. San Diego, CA 92120	(619) 644-1300
Magnolia Science Academy-Santa Ana	2840 W 1st St. Santa Ana, CA 92703	(714) 479-0115
Magnolia Science Academy-Orange County Anaheim	412 W Carl Karcher Way Anaheim, CA 92801	(714) 452-2440
Magnolia Science Academy-Orange County Irvine	250 E. 1st St. Ste 1500 Los Angeles, CA 90012	(213) 628-3634

INTRODUCTION

This Handbook summarizes the Magnolia Public Schools' (hereinafter referred to as "MPS" or "School") personnel policies applicable to all employees. Please review these policies carefully. If employees have any questions about the policies outlined in this Handbook, or if they have any other personnel related questions, whether related to policies specifically addressed in this Handbook or not, please consult the **MPS Home Office ("MERF") People and Culture ("P&C") Department**.

This Handbook is intended only as a guide to the School's personnel policies, outlining and highlighting those policies and practices. It is not, therefore, intended to create any expectations of continued employment, or an employment contract, express or implied. This Handbook supersedes any previously issued handbooks, policies, benefit statements and/or memoranda, whether written or verbal, including those that are inconsistent with the policies described herein.

With the exception of the at-will employment status of its employees, the School reserves the right to alter, modify, amend, delete and/or supplement any employment policy or practice (including, but not limited to, areas involving hiring policies and procedures, general workplace policies, hours of work, overtime and attendance, standards of conduct, employee benefits, employment evaluation and separation) with or without notice to you. Only **the Chief Executive Officer ("CEO") of MPS**, with the express written approval of the Board of Directors, may alter the at-will employment status of any of its employees.

After reviewing this Handbook, please e-sign the employee acknowledgement form **in the Human Resource Management System Employee Self Service Portal.** This signed acknowledgement demonstrates to the School that the employee has read, understood and agrees to comply with the policies outlined in the Handbook.

CONDITIONS OF EMPLOYMENT

Equal Employment Opportunity Policy

MPS is an equal opportunity employer. It is the policy of the School to afford equal employment and advancement opportunity to all qualified individuals without regard to:

- Race (including traits associated with race, such as hair texture and hairstyle, including but not limited to braids, locks, and twists);
- Color;
- Gender (including gender identity, gender expression, and transgender identity, whether or not the employee is transitioning or has transitioned);
- Sex (including reproductive health decision-making, pregnancy, childbirth, breastfeeding, and medical conditions related to such);
- Sex stereotype (including an assumption about a person's appearance or behavior, gender roles, gender expression, or gender identity, or about an individual's ability or inability to perform certain kinds of work based on a myth, social expectation, or generalization about the individual's sex);
- Religious creed (including religious dress and grooming practices);
- Marital/registered domestic partner status;
- Age (forty (40) and over);
- National origin or ancestry (including native language spoken and possession of a driver's license issued to persons unable to prove their presence in the U.S. is authorized by federal law);
- Physical or mental disability (including HIV and AIDS);
- Medical condition (including cancer and genetic characteristics);
- Taking of a leave of absence pursuant to the Family Medical Leave Act ("FMLA"), Pregnancy Disability Leave ("PDL") law, Americans with Disabilities Act ("ADA"), California Family Rights Act ("CFRA"), or the Fair Employment and Housing Act ("FEHA"), or laws related to domestic violence, sexual assault and stalking;
- Genetic information;
- Sexual orientation;
- Military and veteran status; or
- Any other consideration made unlawful by federal, state, or local laws.

This policy protects qualified individuals based on the perception that the individual has any of these characteristics or any combination of these characteristics, or is associated with an individual who has, or is perceived to have, any of these characteristics or a combination of these characteristics.

This policy extends to all job applicants and employees and to all aspects of the employment relationship, including the hiring of new employees and the training, transfer, promotion, discipline, termination, compensation and benefits of existing employees.

Reasonable Accommodations

The School is committed to providing equal employment opportunity to qualified applicants and employees and will provide reasonable accommodation for the known physical or mental disability of an

otherwise qualified applicant or employee, or for an employee's sincerely held religious creed, observance, or practice, unless doing so would impose an undue hardship on School operations or otherwise is not required by law.

Any applicant or employee who believes they need an accommodation to participate in the application process, perform the essential functions of the job, or enjoy equal benefits and privileges of employment should notify People & Culture as soon as practicable.

Upon receiving a request for accommodation, or when the School otherwise becomes aware of a possible need for accommodation, the School will engage in a timely, good-faith, interactive process with the applicant or employee to determine the nature of the limitation or conflict, the essential job duties involved, and what reasonable accommodation, if any, may be effective. This process will include an individualized assessment based on the particular job and the individual's specific circumstances.

The School may request reasonable supporting information or documentation when the disability, medical condition, or need for accommodation is not obvious. The School will consider the individual's preferred accommodation, but may select and implement an effective accommodation that is less burdensome or otherwise more appropriate for operational needs. The School is not required to provide the specific accommodation requested, eliminate essential job functions, create a new position, displace another employee, lower performance or conduct standards that are job-related and consistent with business necessity, or provide an accommodation that would create an undue hardship or pose a direct threat to health or safety that cannot be eliminated by reasonable accommodation.

At-Will Employment

Except if stated expressly otherwise by employment contract, it is the policy of the School that all employees are considered "at-will" employees of the School. Accordingly, either the School or the employee can terminate this relationship at any time, for any reason, with or without cause, and with or without advance notice. Additionally, MPS may restructure, reorganize, alter, or eliminate job positions as needed.

Nothing contained in this Handbook, employment applications, School memoranda or other materials provided to employees in connection with their employment shall require the School to have "cause" to terminate an employee or otherwise restrict the School's right to release an employee from their at-will employment with the School. Statements of specific grounds for termination set forth in this Handbook or elsewhere are not all- inclusive and are not intended to restrict the School's right to terminate at-will. No School representative, other than the Board of Directors or its designee, is authorized to modify this policy for any employee or to make any representations to employees or applicants concerning the terms or conditions of employment with the School that are not consistent with the School's policy regarding "at-will" employment.

This policy shall not be modified by any statements contained in this Handbook or employee applications, School memoranda, or any other materials provided to employees in connection with their employment. Further, none of those documents, whether singly or combined, or any employment practices shall create an express or implied contract of employment for a definite period, nor an express

or implied contract concerning any terms or conditions of employment.

It is the policy of MPS that disputes with employees be resolved through arbitration to the extent authorized by law, consistent with MPS's Employee Arbitration Agreement. The Employee Arbitration Agreement is provided to employees at the start of employment.

Child Abuse and Neglect Reporting

California Penal Code section 11166 requires any child care custodian who, within the scope of his or her employment or service, has knowledge of or observes a child whom the mandated reporter knows or reasonably suspects has been the victim of child abuse to report the known or suspected instance of child abuse to a child protective agency immediately, or as soon as practically possible, by telephone and to prepare and send a written report thereof within thirty-six (36) hours of receiving the information concerning the incident.

For purposes of this policy, and consistent with California law, mandated reporters include all School employees, all members of the School's governing board, volunteers who are over 18 years of age and who interact with pupils outside of the immediate supervision of a School employee, and contractors whose duties require contact with or supervision of pupils.

Reporting the information regarding a case of possible child abuse or neglect to your supervisor, the School principal, a School counselor, coworker or other person shall not be a substitute for making a mandated report to Child Protective Services or law enforcement.

MPS will provide annual training on the mandated reporting requirements to employees, Board members, and volunteers, using the online training module provided by MPS at the time of hire, and annually thereafter. Contractors receive the same required training at the same intervals through their direct employer and must submit proof of training upon request.

Mandated reporter training will include information that failure to report an incident of known or reasonably suspected child abuse or neglect, as required by Penal Code section 11166, is a misdemeanor punishable by up to six (6) months confinement in a county jail, or by a fine of one-thousand dollars ($1,000), or by both.

All individuals who are required to receive mandated reporter training must provide proof of completing the training within the first six (6) weeks of the start of each school year or within the first six (6) weeks of the start of service.

By acknowledging receipt of this Handbook, the employee acknowledges he/she is a childcare custodian and is certifying that he/she has knowledge of California Penal Code section 11166 and will comply with its provisions.

Criminal Background Checks & Employment Verification

All classified and certificated job applicants must undergo a comprehensive verification of prior school employment through which each of the applicant's prior employers will be contacted. Applicants must

disclose each prior school employer regardless of the amount of time that has passed. MPS will inquire with each prior school employer and may disqualify a candidate at any time based on the results of the inquiry. By applying for employment with MPS, the applicant consents to MPS making an employment verification inquiry into the applicant's work history.

Further, as required by law, all individuals working or volunteering at the School will be required to submit to a criminal background check with the California Department of Justice and the Federal Bureau of Investigations. Applicants must truthfully disclose past convictions during the application process if/when asked to do so. MPS will not clear an applicant who may compromise the School's commitment to the safety and the well-being of students. Conditions that preclude working at the School include conviction of a controlled substance or sex offense, or a serious or violent felony. Similarly, convictions involving crimes of moral turpitude (e.g., fraud), child abuse or neglect, violence, or any offense which may make the applicant or employee unsuitable/undesirable to work around students, and may also serve as a bar to employment at the School. Additionally, should an employee be arrested for, charged with, or convicted of any offense during their employment with the School, the employee must immediately report as much to a supervisor within one (1) workday.

Emergency Contact

Employees are entitled to choose an emergency contact to be contacted by MPS in case of emergency. MPS will notify an employee's designated emergency contact if the employee is arrested or detained at work but only if the employee has designated an emergency contact for this purpose, and only if MPS has actual knowledge of the arrest. Employees may designate an emergency contact, and make updates to their existing emergency contact in the HRIS system.

Tuberculosis Testing

All prospective employees and continuing employees must provide proof of clearance from active tuberculosis (TB) from a healthcare provider. Applicants must provide proof in the form of a clear Risk Assessment, TB test, skin test, or chest x-ray of the lungs. Risk Assessment Forms must be verified by a qualified healthcare provider. If a Risk Assessment Form indicates TB risk factors have been identified, the individual must undergo a TB examination.

The examination for TB consists of an approved TB test, which, if positive, will be followed by an x-ray of the lungs, or in the absence of skin testing, an x-ray of the lungs. All employees will be required to provide proof of TB clearance at least once every four (4) years. Volunteers are required to provide proof of TB clearance if they interact with students. TB clearance is a condition of initial and continuing employment and volunteer service with the School.

Food handlers may be required to have annual TB exams. Documentation of employee and volunteer compliance with TB risk assessments and examinations will be kept on file in the office. This requirement also includes contract food handlers, substitute teachers, and student teachers serving under the supervision of an educator.

Any entity providing student services to the School will be contractually required to ensure that all contract workers have had TB testing that shows them to be free of active TB prior to conducting work

with School students.

The employee will not be required to submit a new TB exam if the employee can produce a current certificate showing they were found free of infectious tuberculosis within sixty (60) days of initial hire. The cost of the examination required of existing and new-hire employees shall be a reimbursable expense. Employees should follow the MPS Purchase Policies & Procedures Manual while making their reimbursement requests.

Immigration Compliance

MPS will comply with applicable immigration law, including the Immigration Reform and Control Act of 1986 and the Immigration Act of 1990. As a condition of employment, every individual must provide satisfactory evidence of his or her identity and legal authority to work in the United States. However, MPS will not check the employment authorization status of current employees or applicants who were not offered positions with the School unless required to do so by law.

The School shall not discharge an employee or in any manner discriminate, retaliate, or take any adverse action (*e.g.*, threatening to report the suspected citizenship or immigration status of an employee or a member of the employee's family) against any employee or applicant for employment because the employee or applicant exercised a right protected under applicable law. Further, the School shall not discriminate against any individual because he or she holds or presents a driver's license issued per Vehicle Code § 12801.9 to persons who have not established their federally-authorized presence in the United States. Finally, in compliance with the Immigrant Worker Protection Act, the School shall not allow a federal immigration enforcement agent to enter any nonpublic areas of the School without a judicial warrant, or voluntarily give consent to an agent to access, review or obtain employee records without a subpoena or judicial warrant. If a search of employee records is authorized by a valid subpoena or judicial warrant, the School will give employees notice of the inspection both before and after it has occurred as required by law.

If the employee has any questions or needs more information on immigration compliance issues, they should contact the Principal.

Professional Boundaries: Staff/Student Interaction Policy

MPS recognizes its responsibility to make and enforce all rules and regulations governing student and employee behavior to bring about the safest and most learning-conducive environment possible. This policy is available on MPS's website at link.

Corporal Punishment:

Corporal punishment shall not be used as a disciplinary measure against any student. Corporal punishment includes the willful infliction of, or willfully causing the infliction of, physical pain on a student.

For purposes of this policy, corporal punishment does not include an employee's use of force that is reasonable and necessary to protect the employee, students, staff or other persons or to prevent

damage to property.

For clarification purposes, the following examples are offered for direction and guidance of School personnel:

Examples of PERMITTED actions (NOT corporal punishment):

- Stopping a student from fighting with another student;
- Preventing a pupil from committing an act of vandalism;
- Defending yourself from physical injury or assault by a student;
- Forcing a pupil to give up a weapon or dangerous object;
- Requiring a student on an athletic team to participate in strenuous physical training activities designed to strengthen or condition team members or improve their coordination, agility, or physical skills;
- Engaging in group calisthenics, team drills, or other physical education or voluntary recreational activities.

Examples of PROHIBITED actions (corporal punishment):

- Hitting, shoving, pushing, or physically restraining a student as a means of control;
- Making unruly students do push-ups, run laps, or perform other physical acts that cause pain or discomfort as a form of punishment;
- Paddling, swatting, slapping, grabbing, pinching, kicking, or otherwise causing physical pain.

Acceptable and Unacceptable Staff/Student Behavior:

This policy is intended to guide all School faculty and staff in conducting themselves in a way that reflects the high standards of behavior and professionalism required of them and to specify the boundaries between students and staff.

Although this policy gives specific, clear direction, it is each staff member's obligation to avoid situations that could prompt suspicion by parents, students, colleagues, or school leaders. One viable standard that can be quickly applied, when you are unsure if certain conduct is acceptable, is to ask, "Would I be engaged in this conduct if my family or colleagues, including someone from my People and Culture Department, were standing next to me?"

For the purposes of this policy, the term "boundaries" is defined as acceptable professional behavior by an adult while interacting with a student, whether during school hours or outside of school hours, including through social media platforms, text messaging, and other forms of communication that do not otherwise include a student's parent/guardian. Trespassing the boundaries of a student/teacher relationship is deemed an abuse of power and a betrayal of public trust.

Professional boundaries apply not only between students and staff, volunteers, and contractors, and Board members, but also among and between students, and among and between adults employed, volunteering, or under contract with the School. All members of the School community are expected to maintain professional conduct that models appropriate behavior and fosters a safe and respectful learning

environment. Additionally, all facilities/areas under School control shall be effectively supervised to promote a safe environment for students and individuals performing services on behalf of the School.

Some activities may seem innocent from an adult's perspective but can be perceived as flirtation or sexual insinuation from a student or parent point of view. The objective of the following lists of acceptable and unacceptable behaviors is not to restrain innocent, positive relationships between staff and students, but to prevent relationships that could lead to, or may be perceived as, sexual misconduct.

Adults must understand their own responsibility for ensuring that they do not cross the boundaries as written in this policy. Disagreeing with the wording or intent of the established boundaries will be considered irrelevant for disciplinary purposes. Thus, it is crucial that all employees learn this policy thoroughly and apply the lists of acceptable and unacceptable behaviors to their daily activities. Although sincere, competent interaction with students certainly fosters learning, student/staff interactions must have boundaries surrounding potential activities, locations and intentions.

Transportation-related interactions require special attention. To maintain clarity and consistency across policies, MPS does not encourage employees to transport students in personal vehicles, nor to drive students to school events or activities. Any travel involving students must follow the MPS Transportation Policy and Field Trip Policy and may only occur if it has been approved in advance by a supervisor and the student's parent or guardian. This ensures that everyone understands the purpose, expectations, and safety considerations of the trip. Employees shall not offer or provide transportation to students in personal vehicles outside of the processes described in the School's Transportation and Field Trip Policies, even if the student or family requests such assistance, except where required by law and expressly authorized in writing by the School.

Professional Boundaries with Social Media

Employees are at particular risk of a professional boundary violation when interacting with students on social media. It is prohibited for employees to discuss or share information about, or images of, students on social media.

Duty to Report Suspected Misconduct

When any employee reasonably suspects or believes that another staff member may have crossed the boundaries specified in this policy, they must immediately report the matter to a school administrator. All reports shall be as confidential as possible under the circumstances. It is the duty of the administrator to investigate and thoroughly report the situation. Employees must also report to the administration any awareness or concern of student behavior that crosses boundaries or where a student appears to be at risk for sexual abuse, child abuse, or neglect.

Examples of Specific Behaviors

The following examples are not an exhaustive list:

Unacceptable Staff/Student Behaviors (Violations of this Policy):

- Giving gifts to an individual student that are of a personal and intimate nature;

- Kissing of any kind;
- Any type of unnecessary physical contact with a student in a private situation;
- Intentionally being alone with a student away from the school;
- Making or participating in sexually inappropriate comments;
- Sexual jokes;
- Seeking emotional involvement with a student for your benefit;
- Listening to or telling stories that are sexually oriented;
- Discussing inappropriate personal troubles or intimate issues with a student
- Becoming involved with a student so that a reasonable person may suspect inappropriate behavior;
- Communication with students via an employee's personal accounts such as email, and/or social media.
- Insulting students, calling students names, using swear words, or making intimidating gestures or comments.

Unacceptable Staff/Student Behaviors without Parent and Supervisor Permission:
(These behaviors should only be exercised when a staff member has parent and supervisor permission.)

- Giving students a ride to/from school or school activities;
- Being alone in a room with a student at school with the door closed;
- Allowing students in your home.

Cautionary Staff/Student Behaviors:
(These behaviors should only be exercised when a reasonable and prudent person, acting as an educator, is prevented from using better practice or behavior. Staff members should inform their supervisor of the circumstance and occurrence prior to or immediately after the occurrence).

- Remarks about the physical attributes or development of anyone
- Excessive attention toward a particular student;
- Send emails, text messages or letters to students if the content is not about school activities.

Acceptable and Recommended Staff/Student Behaviors:

- Getting parents' written consent for any after-school activity;
- Obtaining formal approval to take students off school property for activities such as field trips or competitions;
- Emails, text, phone and instant messages to students must be very professional and pertaining to school activities or classes (Communication should be limited to school technology);
- Keeping the door open when alone with a student;
- Keeping reasonable space between you and your students;
- Stopping and correcting students if they cross your own personal boundaries;
- Keeping parents informed when a significant issue develops about a student;
- Keeping after-class discussions with a student professional and brief;
- Asking for advice from fellow staff or administrators if you find yourself in a difficult situation related to boundaries;

- Involving your supervisor if a conflict arises with a student;
- Informing the Superintendent about situations that have the potential to become more severe;
- Making detailed notes about an incident that could evolve into a more serious situation later;
- Recognizing the responsibility to stop unacceptable behavior of students or coworkers;
- Asking another staff member to be present if you will be alone with any type of special needs student;
- Asking another staff member to be present when you must be alone with a student after regular school hours;
- Giving students praise and recognition without touching them;
- Fist bumps, high fives and handshakes are acceptable;
- Keeping your professional conduct, a high priority;
- Asking yourself if your actions are worth your job and career.

Professional Boundaries:Employee/Parent Role Policy

Purpose

Magnolia Public Schools values the dedication of employees who also choose MPS for their children's education. We recognize the unique perspective employee-parents bring to our community. At the same time, holding dual roles requires clear professional boundaries to ensure equity, confidentiality, and a safe, respectful working environment for all staff and families. Employees must be cautious not to blur the boundaries between parent and employee.

This policy establishes expectations for employees who are also parents or guardians of students enrolled at MPS.

Separation of Roles

MPS recognizes that a person's status as a parent and employee confers on them certain rights, benefits, and limitations that can create unfairness when the roles become blurred. Other members of the school community may perceive a parent employee as having greater or fewer influence or choice in a situation, or feel pressured to treat parent employees differently when it is unclear if an action or request is in the person's capacity as a parent or employee. To avoid uncertainty or mistakes, parent employees must clearly distinguish between their role as an MPS employee and their role as a parent/guardian. An employee's position, authority, access, or internal relationships may not be used to influence decisions regarding their child's education, placement, discipline, services, or extracurricular participation. When addressing matters concerning their child, employees must participate solely in their role as a parent during appropriate times and through appropriate channels. Likewise, parents do not waive the right to advocate for their child or participate in their education simply because they are an employee.

Equity of Access & Communication Expectations

To ensure fairness across our school community:

- Employee-parents must follow the same communication and meeting procedures required of all families.
- Meetings with teachers, administrators, or service providers must be formally scheduled through standard parent-facing channels.
- Informal discussions about their child during work hours or in professional settings should be avoided unless appropriately scheduled.
- Employee-parents may not bypass established site or network structures due to internal relationships or access.

No employee shall receive preferential treatment in matters concerning their child.

Employee Rights When Acting as a Parent/Guardian

Employees who are also parents or guardians of an MPS student retain the same rights and access afforded to all MPS parents and guardians. When participating in a meeting or raising a concern regarding their child, the employee is acting in their capacity as a parent or guardian and may advocate for their child, ask questions, request information, and use applicable school complaint or resolution processes without retaliation or adverse employment action for doing so in good faith.

The employee's knowledge of MPS policies, practices, or personnel does not reduce these rights, nor does it provide special access, influence, or authority beyond that afforded to other parents and guardians. Employees must continue to maintain confidentiality, professional boundaries, and respectful communication and may not use confidential information obtained through their employment in connection with matters involving their child. MPS will likewise ensure that concerns raised by an employee in their capacity as a parent or guardian are addressed objectively, respectfully, and through the appropriate school process.

Confidentiality & System Access

- Employees may not access their child's academic, behavioral, health, disciplinary, special education, or 504 records through internal systems unless required for job duties unrelated to their child.
- Accessing student records for personal reasons is strictly prohibited.
- FERPA and all applicable student privacy laws apply equally to employee-parents.

Unauthorized access or misuse of student information may result in disciplinary action, up to and including termination.

Conflict of Interest & Recusal

Employees must avoid actual or perceived conflicts of interest.

An employee may not:

- Participate in decisions regarding their child's classroom placement, discipline outcomes, evaluation, or service determination.
- Supervise, evaluate, or formally direct staff members who directly serve their child.
- Serve on committees or leadership bodies making determinations that directly affect their child.

If a potential conflict arises, the employee must disclose it to their supervisor and People & Culture immediately.

Special Education (SPED) & Section 504 Considerations

Magnolia Public Schools is committed to protecting the procedural safeguards afforded under IDEA and Section 504.

Employees who are parents/guardians of students receiving special education or 504 services must:

- Participate in IEP or 504 meetings solely in their role as parent/guardian.
- Refrain from directing, coaching, or supervising service providers outside of formal meetings.
- Follow the same procedural safeguards, dispute resolution pathways, and communication protocols available to all families.
- Avoid accessing draft documents, internal notes, or service records outside of the formal parent-sharing process.

Employees may not use professional expertise, positional authority, or internal access to circumvent special education procedures or influence service delivery outside established processes.

Workplace Conduct Expectations

Staff members must not feel pressured, intimidated, or influenced due to a colleague's role as both employee and parent.

Concerns regarding boundary violations may be reported to a site leader or People & Culture without fear of retaliation.

Violations of Policy

Failure to comply with this policy may result in disciplinary action, up to and including termination of employment.

Certification and Licensure of Instructional Staff

All teachers are required to hold a current California teaching credential, certificate, permit or other document equivalent to that which a teacher in other public schools would be required to hold. MPS complies with all requirements of the authorizers regarding the certification and licensure of instructional staff. Paraprofessional staff may also be required to provide documentation proving that they meet the requirements of paraprofessional staff. It is the responsibility and a condition of continued employment for all instructional staff, including teachers and paraprofessionals to provide any necessary

licensure to a **direct supervisor** no later than the close of business prior to the first day the employee reports for duty. If an instructional staff employee believes that they are assigned to teach in a subject in which they do not have subject matter competence, the employee should immediately report the same to **their direct supervisor**. Staff who are required to possess state and federal certification, expertise, and related requirements must timely maintain such qualifications as a condition of employment at the School. Failure to maintain the appropriate credential/certification required of the position may result in disciplinary action, up to and including release from at-will employment.

Policy Prohibiting Unlawful Harassment, Discrimination and Retaliation

MPS is committed to providing a work and educational atmosphere that is free of unlawful harassment, discrimination, and retaliation. MPS's policy prohibits unlawful harassment, discrimination, and retaliation based upon: race (including traits associated with race, such as hair texture and hairstyle, including but not limited to braids, locks, and twists); color; gender (including gender identity, gender expression, and transgender identity, whether or not the employee is transitioning or has transitioned); sex (including reproductive health decision making, pregnancy, childbirth, breastfeeding, and related medical conditions); sex stereotype (including an assumption about a person's appearance or behavior, gender roles, gender expression, or gender identity, or about an individual's ability or inability to perform certain kinds of work based on a myth, social expectation, or generalization about the individual's sex); religious creed (including religious dress and grooming practices); marital/registered domestic partner status; age (forty (40) and over); national origin or ancestry (including native language spoken and possession of a driver's license issued to persons unable to prove their presence in the U.S. is authorized by federal law); physical or mental disability (including HIV and AIDS); medical condition (including cancer and genetic characteristics); taking a leave of absence authorized by law; genetic information; sexual orientation; military and veteran status; or any other consideration made unlawful by federal, state, or local laws.

This policy protects qualified individuals based on the perception that the individual has any of these characteristics or any combination of these characteristics, or is associated with an individual who has, or is perceived to have, any of these characteristics or a combination of these characteristics.

Employees, volunteers, unpaid interns, individuals in apprenticeship programs, and independent contractors shall not be harassed, discriminated against, or retaliated against by the School, based upon the characteristics noted above. These individuals are entitled to bring a complaint to the School under this policy.

MPS does not condone and will not tolerate unlawful harassment, discrimination, or retaliation on the part of any employee (including supervisors and managers) or third party (including independent contractors or other persons with which the School does business). Supervisors and managers are to forward any complaints of unlawful harassment to their Supervisor or designee.

When MPS receives allegations of unlawful harassment, discrimination, or retaliation, the Board (if a complaint is about the CEO), the Principal (if the complaint is about a school site employee), or the CEO or designee (if the complaint is about a Home Office employee), will review the allegations, the facts, and circumstances, and may conduct an investigation if appropriate. Any investigation must be fair, timely and thorough and provide all parties with an appropriate process and reach reasonable

conclusions based on the evidence collected. The investigation will be handled in as confidential a manner as possible, although complete confidentiality cannot be guaranteed. Complainants and witnesses shall not be subject to retaliation for making complaints in good faith or participating in an investigation. MPS is committed to remediating any instance where investigation findings demonstrate unlawful harassment, discrimination, or retaliation has occurred.

Prohibited Unlawful Harassment

The following examples are not an exhaustive list:

- Verbal conduct such as epithets, derogatory jokes or comments or slurs;
- Physical conduct including assault, unwanted touching, intentionally blocking normal movement, or interfering with work because of sex, race or any other protected basis;
- Retaliation for reporting or threatening to report harassment; or
- Disparate treatment is based on any of the protected classes above.

Prohibited Unlawful Sexual Harassment

MPS is committed to providing a workplace free of sexual harassment and considers such harassment to be a major offense, which may result in disciplinary action, up to, and including dismissal, of the offending employee.

Sexual harassment consists of sexual advances, request for sexual favors and other verbal or physical conduct of a sexual nature, regardless of whether or not the conduct is motivated by sexual desire, when: (1) submission to the conduct is either made explicitly or implicitly a term or condition of an individual's employment; (2) an employment decision is based upon an individual's acceptance or rejection of that conduct; and/or (3) that conduct interferes with an individual's work performance or creates an intimidating, hostile or offensive working environment.

It is also unlawful to retaliate in any way against an employee who has articulated a good faith concern about sexual harassment against him or her or against another individual.

All supervisors of staff will receive a minimum of two (2) hours of sexual harassment prevention training within six (6) weeks of hire or their assumption of a supervisory position and every year thereafter. All other employees will receive between one (1) and two (2) hours of sexual harassment prevention training within six (6) weeks of hire or start of the new school year for continuing employees. Such training will address all legally required topics, including information about the negative effects that abusive conduct has on both the victim of the conduct and others in the workplace, as well as methods to prevent abusive conduct undertaken with malice a reasonable person would find hostile, offensive, and unrelated to an employer's legitimate business interests. Abusive conduct includes but is not limited to repeated infliction of verbal abuse, such as the use of derogatory remarks, insults, and epithets, verbal or physical conduct that a reasonable person would find threatening, intimidating, or humiliating, or the gratuitous sabotage or undermining of a person's work performance. Supervisors shall also be trained in how to appropriately respond when the supervisor becomes aware that an employee is the target of unlawful harassment. Other staff will receive sexual harassment prevention training as required by law.

Each employee has the responsibility to maintain a workplace free from any form of sexual harassment. Consequently, should any individual, in particular those with supervisory responsibilities, become aware of any conduct that may constitute sexual harassment or other prohibited behavior, immediate action should be taken to address such conduct. Any employee who believes they have been sexually harassed or has witnessed sexual harassment is encouraged to immediately report such harassment to the Principal. See Appendix A for the "Harassment/Discrimination/Retaliation Complaint Form." See Appendix B for the general "Internal Complaint Form."

Sexual harassment may include, but is not limited to:

- Physical assaults of a sexual nature, such as:
  - Rape, sexual battery, molestation or attempts to commit these assaults and
  - Intentional physical conduct that is sexual in nature, such as touching, pinching, patting, grabbing, brushing against another's body, or poking another's body.

- Unwanted sexual advances, propositions or other sexual comments, such as:
  - Sexually oriented gestures, notices, remarks, jokes, or comments about a person's sexuality or sexual experience.
  - Preferential treatment or promises of preferential treatment to an employee for submitting to sexual conduct, including soliciting or attempting to solicit any employee to engage in sexual activity for compensation or reward or disparate treatment for rejecting sexual conduct.
  - Subjecting or threats of subjecting an employee to unwelcome sexual attention or conduct or intentionally making performance of the employee's job more difficult because of the employee's sex.

- Sexual or discriminatory displays or publications anywhere at the workplace by employees, such as:
  - Displaying pictures, cartoons, posters, calendars, graffiti, objections, promotional materials, reading materials, or other materials that are sexually suggestive, sexually demeaning or pornographic or bringing to work or possessing any such material to read, display or view at work;
  - Publicly reading, viewing, or otherwise publicizing in the work environment materials that are in any way sexually revealing, sexually suggestive, sexually demeaning or pornographic; and
  - Displaying signs or other materials purporting to segregate an employee by sex in an area of the workplace (other than restrooms or similar rooms).

The illustrations of harassment and sexual harassment above are not to be construed as an all-inclusive list of prohibited acts under this policy. Moreover, please note that while in most situations a personal relationship is a private matter, these relationships are not appropriate in a professional setting, particularly where one of the parties has management or supervisory responsibilities. As such, consensual relationships in the workplace may violate MPS policy.

<u>Reporting</u>

Each employee has the responsibility to maintain a workplace free from any form of sexual harassment, discrimination, and retaliation. Consequently, should any individual, particularly those with supervisory responsibilities, become aware of any conduct that may constitute a violation of this policy or any other prohibited behavior, they must take immediate action to address such conduct. Any employee who believes they have been harassed, discriminated against, or retaliated against, or who has witnessed such conduct, is encouraged to immediately report it to the Principal, the CEO, or the Board, as indicated above. See **Appendix A** for the "Harassment / Discrimination / Retaliation Complaint Form." See **Appendix B** for the general "Internal Complaint Form." See the MPS website for the "Title IX Complaint Policy."

Dispute Resolution through Arbitration

Employees of MPS agree, as a condition of employment, to resolve workplace concerns internally to the extent possible, and through binding and mandatory arbitration, where it cannot be handled internally. See **Appendix C** for the "Arbitration Agreement."

Title IX Notice of Nondiscrimination

MPS does not discriminate on the basis of sex and prohibits any acts of sex discrimination including sex-based harassment in any education program or activity that it operates, as required by California law, Title IX (20 U.S.C. § 1681 *et seq.*) and the Title IX regulations (34 C.F.R. Part 106), including in admission and employment.

Inquiries about the application of Title IX and 34 C.F.R. Part 106 may be referred to the Charter School Title IX Coordinator, the Office for Civil Rights of the U.S. Department of Education, or both.

All complaints and reports of conduct that may constitute sex discrimination including sex-based harassment should be submitted to our Title IX Coordinator, Meagan Wittek, Director of Student Services who can be reached at mwittek@magnoliapublicschools.org.

A copy of MPS's Title IX Policy, which includes the specific rules and procedures for reporting sex discrimination and sex-based harassment occurring within MPS's education program or activities and for pursuing available remedies, is available on the MPS's website.

Whistleblower Policy

MPS requires its directors, officers, employees, and volunteers to observe high standards of ethics in the conduct of their duties and responsibilities within the School. As representatives of the School, such individuals must practice honesty and integrity in fulfilling all responsibilities and must comply with all applicable laws and regulations. The purpose of this policy is to create an ethical and open work environment, to ensure that the School has a governance and accountability structure that supports its mission, and to encourage and enable directors, officers, employees, and volunteers of the School to raise serious concerns about the occurrence of illegal or unethical actions within the School before turning to outside parties for resolution.

All directors, officers, employees, and volunteers of the School have a responsibility to report any action

or suspected action taken within the School that is illegal, unethical or violates any adopted policy of the School, or local rule or regulation to their direct supervisor or to the MPS P&C Department if the concern is about the Supervisor. If the concern is being brought by a non-employee, it should be reported to the school site Principal. Anyone reporting a violation must act in good faith, without malice to the School or any individual at the School and have reasonable grounds for believing that the information shared in the report indicates that a violation has occurred. A person who makes a report does not have to prove that a violation has occurred. However, any report which the reporter has made maliciously or any report which the reporter has good reason to believe is false will be viewed as a serious disciplinary offense. No one who in good faith reports a violation, or who, in good faith, cooperates in the investigation of a violation shall suffer harassment, retaliation, or adverse employment action. Further, no one who in good faith discloses, who may disclose, or who the School believes disclosed or may disclose information regarding alleged violations to a person with authority over the employee or another employee who had responsibility for investigating, discovering or correcting the purported violation shall suffer harassment, retaliation, or adverse employment action.

Drug- and Alcohol-Free Workplace

MPS is committed to providing a drug and alcohol-free workplace and to promoting safety in the workplace, employee health and well-being, stakeholder confidence and a work environment that is conducive to attaining high work standards. The use of drugs and alcohol by employees, whether on or off the job, volunteers, and independent contractors, jeopardizes these goals, since it adversely affects health and safety, security, productivity, and public confidence and trust. Drug or alcohol use in the workplace or during the performance of job duties is extremely harmful to employees and to other MPS stakeholders.

The bringing to the workplace, possession or use of intoxicating beverages or drugs on any School premises or during the performance of work duties is prohibited and will result in disciplinary action up to and including termination.

Employees involved in an accident or injury in relation to their work may be subject to mandatory drug or alcohol testing. If MPS assigns post-incident drug or alcohol testing, the employee must agree to submit to the testing for the safety of the workplace, or they may be subject to discipline for failing to comply with a necessary safety protocol.

This policy does not prohibit an employee's use of cannabis off the job and away from the workplace where expressly protected by California law unless the use impacts the work environment.

Confidential Information

All personnel information and information relating to students, including personal information, schools attended, addresses, contact numbers and progress information is confidential in nature, and may not be shared with or distributed to unauthorized parties or email addresses (including a private employee email). All records concerning special education pupils shall be kept strictly confidential and maintained in separate files. Failure to maintain confidentiality may result in disciplinary action, up to and including release from at-will employment.

Employees at the worksite and teleworking must ensure confidential information is maintained in a secure location restricted from access by unauthorized third parties.

Conflict of Interest

All employees are expected to avoid situations that involve or may appear to involve an actual or potential conflict of interest. A conflict of interest arises when personal, financial, or professional relationships or activities interfere with, or have the potential to interfere with, the employee's responsibilities to MPS.

Disclosure Obligation

Employees must immediately and fully disclose any relationships, activities, or circumstances that may constitute a potential or actual conflict of interest. Disclosure should be made to the employee's immediate supervisor or any other appropriate supervisor. This allows MPS to assess the situation and determine whether a conflict exists.

Failure to disclose facts related to a potential or actual conflict of interest may result in disciplinary action, up to and including termination of employment.

Priority of Organizational Work

Employees must prioritize their duties and responsibilities to MPS. While involvement in external activities or organizations is encouraged, such participation must not interfere with work responsibilities. Employees are expected to ensure that their primary focus remains on fulfilling their organizational commitments.

Personal Beliefs and Advocacy

Employees are entitled to their personal beliefs, opinions, and affiliations. However, it is important that these remain personal and do not conflict with or appear to conflict with MPS's organizational values, policies, or public standpoint. Employees must not use their role at MPS to advocate for political, social, or other causes that could misrepresent the organization's stance or affect its reputation.

Any expression of personal beliefs during work hours, in MPS communication channels, or while representing the organization must align with MPS's mission, values, and policies. Employees are expected to maintain professional boundaries to ensure that their personal beliefs do not interfere with their responsibilities or create a perception of organizational endorsement.

Time Off for External Activities

If an employee needs to engage in any external activities or meetings during regular work hours, they must submit a time-off request in advance. All time-off requests must comply with MPS's attendance policy and must honor blackout and gray-out periods on the organizational calendar. This ensures absences are properly documented and managed.

No External Work During Work Hours

Engaging in external activities or volunteer work during regular work hours is not permitted. Such activities must be conducted outside of scheduled work hours to avoid conflicts with work obligations.

Relationships between Employees

While the School's policies do not permit discrimination based on an individual's marital status, the individual's relations to another School employee or their lawful off duty conduct, some situations can create conflicts of interest requiring the School to take the employee's relationship with another employee into account.

An employee should not be in a supervisory role with another employee who is a relative (i.e., sibling, parent, spouse, domestic partner, etc.). Supervisors should avoid situations that result in actual or perceived conflicts of interest with supervised employees and avoid situations of favoritism.

A supervisor should avoid forming special social relationships or dating employees under their direct supervision, or with other employees that would create actual or perceived conflicts of interest and situations of favoritism. If such a relationship arises, both employees should notify the School so that appropriate measures can be taken to prevent actual or perceived conflicts of interest or favoritism.

The School reserves the right to take appropriate action if employee relationships interfere with the safety, morale or security of the School, or if the relationships create an actual or perceived conflict of interest or favoritism.

No Smoking

It is the policy of MPS to prohibit smoking and vaping on all School premises and at off-campus School-sponsored events. Additionally, smoking is prohibited within 250 feet of any facility or park where a School sports event is taking place.

GENERAL WORKPLACE POLICIES

Workplace Violence

The School takes the safety and security of its employees seriously and therefore maintains a comprehensive Workplace Violence Prevention Plan. Employees receive annual training on workplace violence prevention consistent with California law. The School does not tolerate acts or threats of physical violence, including but not limited to intimidation, harassment and/or coercion, that involve or affect the School or that occur, or are likely to occur, on School property. Any act or threat of violence must be immediately reported as required by the Workplace Violence Prevention Plan, including to **the Principal for school site concerns and to the MPS P&C Department for Home Office concerns.** This policy also addresses workplace hazards and related safety procedures. Concerns about the safety of the work environment or an assignment must be immediately reported to **the Principal for school site concerns and to the MPS P&C Department for Home Office concerns.**

Health, Safety and Security Policies

The School is committed to providing and maintaining a healthy and safe work environment for all employees. Accordingly, the School has instituted an Injury and Illness Prevention Program designed to protect the health and safety of all personnel. Every employee will receive a copy of the Injury and Illness Prevention Program, which is kept by **the Principal** and is available for your review. Additionally, the School has adopted a reopening plan to address the safe reopening and operating of MPS schools following the school closure due to COVID-19.

Employees must carefully review and comply with the reopening plan for which they will receive training and further instruction during Professional Development training and as needed.

Employees are required to know and comply with the School's general safety rules and to follow safe and healthy work practices at all times. Any potential health or safety hazards and all injuries or accidents must be immediately reported to a supervisor. Employees must support campus safety by not bringing visitors to campus without express supervisor approval, including the employees own children, if not students of MPS. In compliance with Proposition 65, the School will inform all employees of any known exposure to a chemical known to cause cancer or reproductive toxicity.

Security Protocols

MPS has developed guidelines to help maintain a secure workplace. Employees are encouraged to be aware of their surroundings and be on the lookout at all times for any unusual circumstances, such as unknown people loitering in parking areas, walkways, entrances and exits and service areas. Report any suspicious people or activities to **the Principal (or MERF P&C Department for MERF employees)**. Employee desks and offices should be secured at the end of the day. When an employee is called away from their work area for an extended length of time, valuable or personal articles should not be left around a workstation that may be accessible. The security of facilities as well as the welfare of employees depends upon the alertness and sensitivity of every individual to potential security risks. Employees should immediately notify **the Principal (or MERF P&C Department for MERF employees)** when keys are missing or if security access codes or passes have been breached.

Occupational Safety

MPS is committed to the safety of its employees, vendors, contractors and the public and to providing a clear safety goal for management.

The prevention of accidents is the responsibility of every School employee and supervisor. It is also the duty of all employees to accept and promote the established safety regulations and procedures. Every effort will be made to provide adequate safety training. If an employee is ever in doubt how to perform a job or task safely, the employee should request assistance from a supervisor. Unsafe conditions must be reported immediately.

Employees shall be observant of any workplace conditions that may be a cause or contributor to the spread of illness caused by virus and disease, including unclean surfaces, personal illness or the possible illness of others, or work conditions that may seem unsanitary or in violation of any active public health

or government order.

To maintain occupational safety, the School may adopt and enforce any government or agency approved measures for evaluating and enforcing employee health and wellness, including health screenings, assessments, or checks.

It is the policy of the School that accident prevention shall be considered of primary importance in all phases of operation and administration. MPS's management is required to provide safe and healthy working conditions for all employees and to establish and require the use of safe practices at all times.

Failure to comply with or enforce School safety and health rules, practices and procedures could result in disciplinary action up to and including possible termination.

Accident/Incident Reporting

It is the duty of every employee to immediately or as soon as is practical report any accident, injury, or possible cause of COVID-19 occurring during work or on School premises so that arrangements can be made for medical or first aid treatment, as well as for investigation and follow-up purposes.

Reporting Fires and Emergencies

It is the duty of every employee to know how to report fires and other emergencies quickly and accurately. Employees should report any such emergency by calling management. In addition, all employees should know the local emergency numbers such as 911.

School Property Inspections

The School is committed to providing a work environment that is safe and free of illegal drugs, alcohol, firearms, explosives and other improper materials. Additionally, the School provides property and facilities to its employees to carry out business on behalf of the School. Accordingly, employees do not have a reasonable expectation of privacy when using any School property or facilities. All School facilities and property, including all items contained therein, may be inspected by the School at any time, with or without prior notice to the employee or employee permission. School property includes all desks, electronic devices, storage areas, workstations, lockers, file cabinets, computers, telephone systems, email systems and other storage devices.

The School reserves the right to deny entry to the School property to any person, including those who refuse to cooperate with any inspections by the School. Any employee who fails to cooperate with inspections may be subject to disciplinary action, up to and including dismissal.

Soliciting/Conducting Personal Business While on Duty

Employees are not permitted to conduct personal business or solicit personal business for any cause or organization while on-duty, or when the employee being solicited is supposed to be working. This prohibition includes distributing literature and other material. Distribution of materials is also against the School's policy if it interferes with access to facility premises, if it results in litter, or if it is conducted in

areas where other employees are working. Solicitation during non-work time, e.g., paid breaks, lunch periods or other such non-work periods, is permissible. Entry on the School premises by non-employees is not permitted, unless related to official School business. Solicitation or distribution of written materials by non-employees is strictly prohibited.

Use of School Communication Equipment and Technology

All School owned communications equipment and technology, including computers, electronic mail systems, individual emails, voicemail systems, internet access, software, telephone systems, document transmission systems and handheld data processing systems remain the property of the School and are provided to the employee to carry out business on behalf of the School, unless previously authorized for nonbusiness use.

Employees have no expectation of privacy in any communications made using School owned equipment and technology. Communications (including any attached message or data) made using School owned communications equipment and technology are subject to review, inspection and monitoring by the School. Employees are prohibited from forwarding files, emails, or school owned resources to their personal email accounts or any reason or outside the MPS network for non-School use.

Employees should not use personal devices or email accounts for MPS-related communications. Such communications should only take place using MPS-issued devices and via the employee's MPS email account. **Employees are required to promptly respond to work emails and communications. Exempt and nonexempt employees must respond within one (1) business day.**

Additionally, the School uses technology protection measures that protect against internet access (by both minors and adults) to visual depictions that are obscene, pornographic, and/or harmful to minors. These measures may include, but are not limited to, using a spam filter, installing a blocking system to block specific internet sites, setting internet browsers to block access to adult sites, using a filtering system that will filter all internet traffic and report potential instances of misuse to the School.

Passwords used in connection with the School's communications equipment and technology are intended to restrict unauthorized use only, not to restrict access of authorized School employees. Therefore, employees are required to provide **the I.T. Coordinator** with all passwords used in connection with the School's communications equipment and technology any time the employee's passwords are created or changed. In addition, employees are required to safeguard their passwords to limit unauthorized use of computers by minors in accordance with the Student Internet Use Policy and Agreement. Employees that do not safeguard their passwords from unauthorized student use, or that allow a student to access computers in violation of the Student Internet Use Policy and Agreement, will be subject to discipline, up to and including termination.

Internet use is for business purposes only. All employees using the internet through the School's communications equipment and technology must respect all copyright laws. Employees are not permitted to copy, retrieve, modify, or forward copyrighted materials unless authorized by law or with express written permission of the owner of the copyright.

Employees are not permitted to use the School's communications equipment and technology to view

content or images that are obscene, pornographic, and/or harmful to minors. The email system and internet access are not to be used in any way that may be disruptive, harassing or offensive to others, illegal or harmful to morale. For example, sexually explicit images, ethnic slurs, racial epithets or anything else that may be construed as harassment or disparagement of others based on their race, national origin, gender, sexual orientation, age, religious beliefs or political beliefs with little or no educational value may not be displayed or transmitted. The e- mail system and internet access are not to be used in any manner that is against the policies of the School, contrary to the best interest of the School or for personal gain or profit of the employee against the interests of the School. Employees must not use the School's communications equipment and technology for the unauthorized disclosure, use and dissemination of personal information regarding students.

Artificial Intelligence Policy

Introduction

Magnolia Public Schools ("School") is a forward-thinking educational organization that is dedicated to creating a transformative learning environment where Artificial Intelligence ("AI") technologies—ranging from generative models to predictive analytics, adaptive learning systems, and intelligent tutoring applications—enhance education. These tools foster a more inclusive, innovative, and equitable experience for students by supporting differentiated instruction, improving access to personalized resources, and driving data-informed decisions that elevate student outcomes.

The School supports the ethical and responsible use of AI to elevate traditional teaching methods by offering personalized learning experiences, targeted interventions, and operational efficiencies. The School is committed to continuously evaluating AI's impact to ensure alignment with our core values of equity, student-centered learning, and academic excellence.

Definition

AI refers to the technology that enables machines to perform complex tasks typically requiring human intelligence. These tasks include learning, reasoning, problem-solving, perception, and language understanding. AI combines algorithms, data, and computational power allowing them to recognize patterns, make original decisions and improve over time through learning and adaptation. AI tools such as Bard, Bing Chat, Chat GPT, and Dall-E ("AI platforms") can produce new content and replicate existing content, such as text, images, or music, based on patterns recognized from training data. AI predicts likely outcomes but cannot guarantee accuracy or reliability. AI output can be inaccurate, misleading, or incomplete and must be used with caution. Content created by AI is intended to be a starting-point and must never be utilized as a final product due to the risk of inaccuracy or even infringement of rights of content owners.

Integrity and Avoidance of Plagiarism

"Plagiarism" is the unauthorized use or close imitation of the language and thoughts of another author and the representation of them as one's own original work. This includes claiming products generated by AI as one's own work. Pupils must not represent AI-generated content as their own original work. It can serve as a tool to stimulate their ideas and enrich their assignments while upholding the values of

honesty and integrity.

Prohibited Use of AI

Utilizing an AI platform to access, create, or display content that is harmful, inappropriate, threatening, obscene, disruptive, or sexually explicit is prohibited. This also includes content that could be seen as harassment or bullying, or that disparages others based on their race, ethnicity, national origin, sex, gender, sexual orientation, age, disability, religion, or political beliefs.

Employees of MPS are prohibited from using wearable recording devices, including but not limited to AI-enabled glasses, smartwatches with recording capabilities, body cameras, or any other device capable of capturing audio, video, or images, in the workplace or during work-related activities without prior written authorization from MPS. This prohibition applies in all work settings, including classrooms, offices, staff meetings, and school events, whether on or off campus. Employees who observe unauthorized recording device use should report it to P & C promptly. Unauthorized recordings that capture the image or voice of another student may implicate the privacy rights of that student and their family under FERPA and California law, and the School reserves the right to require deletion of any such recording and to report the conduct to appropriate authorities where warranted. Violations may result in disciplinary action, up to and including termination. Nothing in this policy is intended to limit employees' rights under applicable law.

Protection of Personally Identifiable Information (PII)

Disclosing or inputting confidential or personally identifiable information into AI platforms is strictly prohibited. Personally identifiable information encompasses, but is not limited to, a person's full name, image, email address, phone number, Social Security number, medical information, or any other information, including AI generated images, that can be used to identify someone. Employees and students must never enter or upload PII of students, employees, or other individuals into any AI platform, even in secure or private settings. This includes both direct identifiers and indirect information that could reasonably be used to determine an individual's identity. AI platforms are not secure repositories for sensitive information, and any inputted PII may be stored, analyzed, or shared in ways beyond the control of the user or the School. Violations of this policy may result in disciplinary action, up to and including termination of employment.

Telework Policy

Purpose

From time to time, in its discretion, MPS may assign certain staff members to telework based on the needs of the organization. If telework is assigned, or otherwise authorized, employees will comply with the requirements of this telework policy.

Definition

Teleworking allows employees to work at home or in an approved remote location for all or part of their regular workweek. Teleworking is not an entitlement, nor is it a Magnolia-wide benefit. This

arrangement in no way alters or changes the terms and conditions of employment with Magnolia, and the promulgation of this Policy creates no employee rights in relation to teleworking. Furthermore, Magnolia has the right to refuse to make telework available to an employee and to terminate a telework assignment without cause at any time in its sole discretion based on organizational needs.

General Requirements

MPS will designate at the beginning of employment whether a position is on-site, fully remote, or a hybrid of on- site and remote (also known as telework). Employees with telework assignments shall make arrangements with their supervisor and co-workers to address on-site job demands that arise, including returning to the work site to perform certain job duties as needed or as directed by their supervisor. Employees shall be responsible for following all Magnolia policies and procedures when teleworking, including all of the foregoing set forth in Magnolia's most recent Employee Handbook. Employees shall also be solely responsible for the performance of their telework duties; assistance from third parties is strictly prohibited.

Nonexempt employees will be required to (1) record all hours worked as assigned by Magnolia and (2) take and document applicable meal/rest periods. Nonexempt employees must also receive prior written approval from a supervisor prior to working additional hours or overtime. Failure to comply with timekeeping and work hours requirements may result in disciplinary action, up to and including termination from employment.

Eligibility Considerations

Consideration will be given to employees who work in positions adaptable for telework assignments, particularly those who have demonstrated work habits and performance well-suited to successful teleworking. In the sole discretion of Magnolia and its management, the following eligibility factors will be considered:

- The employee has a position where effective communication can be accommodated electronically;
- The employee's telework assignment will not be detrimental to the productivity or work quality of other employees or the effective operation of Magnolia;
- The employee must be able to perform work from home or an approved remote location without distractions or unnecessary risk to the security of Magnolia data, records, networks, or confidentiality generally;
- The employee's equipment and software must meet Magnolia's guidelines/standards, and the employee's needs for Information Technology ("IT") support must be minimal;
- Telework sites must be in California;
- The employee must be effective at working independently for extended periods of time;
- The employee has demonstrated or can demonstrate effective time-management skills by completing tasks efficiently and within any required deadlines;
- The employee must maintain connections with work groups or teams from their remote work location; and
- The employee has no recent or pending corrective or disciplinary actions. Supervisor Responsibilities

Supervisors managing employees who have been permitted to telework must effectively:

- Implement the telework policy/guidelines;
- Conduct remote supervision;
- Understand the technology and tools necessary for successful remote supervision; and
- Establish communication protocols with telework employees, including making continued efforts to involve teleworking employees in office/department events, meetings, messages, etc., as applicable, to preserve teamwork.

Supervisors will assess each employee's progress on a telework assignment periodically to ensure the employee's compliance with telework requirements, and address any work-related issues, including completing evaluations and other performance management as appropriate.

Communication and Accessibility

Employees and supervisors must determine how communication between the teleworking employee, the worksite, and/or other employees also teleworking will be handled. Employees shall keep their supervisor and, as needed, their co-workers or other Magnolia stakeholders (e.g., students and/or parents), informed of their availability so these individuals know how and when to reach the employee during the employee's telework assignment.

Employees must be accessible by phone and email at all times to their supervisor, co-workers, Magnolia stakeholders, and Magnolia generally during assigned work hours. Employees must notify their supervisors if they leave their telework site during agreed upon hours, aside from applicable meal and rest periods. Employees must post their telework schedule on their calendar, including applicable meal and rest periods. Employees must also remain flexible in their scheduling and shall be available to attend staff meetings and other meetings as required by their supervisor.

Safety

Telework space is considered an extension of Magnolia's worksite. Employees will have the same responsibility for safe practices, accident prevention, and accident/injury reporting as in the regular worksite. In case of injury, accident, theft, loss, or tort liability related to telework, the employee must immediately report the event to their supervisor and allow Magnolia or its authorized agent to investigate and/or inspect the telework site as needed. Employees are responsible for establishing and maintaining a designated, adequate workspace at their telework location. When the telework location is the employee's home, the employee is responsible for ensuring the location is safe (free from hazards and other dangers to the employee or equipment), clean, professional, and free of distractions (e.g., children, pets, electronic devices, etc.).

Supplies, Equipment, And Furniture

Magnolia will determine, with information supplied by the employee and supervisor, the appropriate equipment needs for each telework assignment. Magnolia will not provide office furniture for the workspace at home; employees' home workspaces must be minimally equipped to serve as a remote workspace.

Magnolia-provided equipment (e.g., laptops, hotspots) must be used for work purposes only, remains Magnolia property, and must be returned at the end of a telework assignment. Employees shall not be entitled to reimbursement for use of Magnolia property and may be held liable for negligent damage or loss.

Employees may provide their own technology for Magnolia-related work with prior approval and may be eligible for reimbursement under this policy. Magnolia accepts no responsibility for damage or repairs to employee-owned equipment.

Reimbursement

Magnolia shall reimburse employees for actual and necessary business expenses when expressly authorized and preapproved. Employees seeking reimbursement above standardized amounts must submit documentation (e.g., internet or phone bills), which may be redacted for confidentiality.

Information Security And Confidentiality

Employees must never provide third parties access to Magnolia systems or share network passwords. Teleworking employees must ensure that confidential or sensitive work remains secure and inaccessible to family members, guests, or other unauthorized individuals.

Performance Standards

Employees must maintain the same or an improved level of productivity and work quality while teleworking. If productivity and/or work quality decline, the telework assignment may be reevaluated to determine whether changes or termination of the assignment are warranted.

Professional Boundaries

Employees must maintain appropriate professionalism when interacting remotely with students and/or families. Violations of professional boundaries may result in disciplinary action, up to and including termination.

Evaluation & Duration

Evaluation of performance during a telework assignment may include daily or periodic communication via video, phone, and/or email, as well as scheduled meetings to discuss progress and issues.
Magnolia may modify or terminate telework assignments at any time, with or without cause or advance notice. Although not required, Magnolia will endeavor to provide seven (7) days' notice of modification or termination whenever possible.

All telework assignments remain subject to ongoing review and may be continued, modified, or discontinued based on organizational needs.

Use of Personal Property

Employees are not encouraged to bring personal property or materials for use in the School setting. If an employee wishes to bring a personal item for School use, they must first obtain approval from MPS. MPS will not be responsible or liable for any personal property brought to the School, and the employee assumes all liability for any damage or injury related to the item.
The employee may be subject to discipline for violating this policy. The School will not be liable for lost, stolen, or damaged personal property items, and such items are brought to the workplace at the employee's own risk.
Employees are solely responsible for transporting, storing, and moving their personal belongings. If an employee is reassigned, transferred, or relocated to a different classroom or workspace, MPS will not provide assistance or resources for moving the employee's personal items. This limitation does not apply to School-provided equipment or materials, which will be handled according to standard procedures.

Security Cameras on Campus

MPS has authorized the use of security cameras in public areas where there is no reasonable expectation of privacy, including in and around School buildings and on School property. The purpose of this program is to promote and maintain a safe, secure, and healthy environment for students and staff, and to protect the community's investment in School owned or leased property and facilities.

Public areas may include school buses, building entrances, hallways, parking lots, front offices where students, employees, and parents come and go, break rooms, gymnasiums during public activities, cafeterias, and supply rooms. Private areas of campus, such as private employee offices (unless consent by the office owner is given), restrooms, and locker rooms will not be subject to security camera recording. Additionally, MPS will post signage indicating the areas of campus where security cameras are in use.

The precise location of security cameras should be determined by MPS or by the School-site principal with the approval of the CEO. Input from employees may be sought to determine the most beneficial locations for security cameras. A diagram showing the wiring of the local server for the security cameras at the school sites shall be shared with the Board prior to the installation of the security monitoring system.

Security cameras will not be used to record audio or live footage, and footage will be kept private and destroyed after thirty (30) days, unless the preservation of the footage is otherwise needed. Authorized personnel may view the security camera footage by accessing the pre-recorded footage saved to a digital file. While MPS will not use the security camera footage to evaluate employee performance, it may be used by MPS or law enforcement in cases of suspected illegal or inappropriate conduct. In such cases, MPS cannot guarantee that security camera footage will be kept private.

Under no circumstances will employees make unauthorized copies or duplicates of security camera footage.

Employees are prohibited from tampering with the MPS's security cameras, systems, and/or footage. "Tampering" includes any unauthorized use, access, or physical damage, or any attempt to interfere, block or prevent the security camera from recording footage. Any employee found to have tampered

with MPS security monitoring system may be disciplined, up to and including termination, and they may also be liable for any damage to the system.

Social Media

If an employee decides to post information on the Internet (i.e., TikTok, Snapchat Facebook, Instagram, etc.) that discusses any aspect of their workplace activities, the following restrictions apply:

- School equipment, including its computers and electronics systems, may not be used for these purposes;
  - Employees may not use or post images of students or student information or work;

- Student and employee confidentiality policies must be adhered to;
  - Employees must make clear that the views expressed are their own and not those of the School;
  - Employees may not use the School's logos, trademarks and/or copyrighted material and are not authorized to speak on the School's behalf;
  - Employees are not authorized to publish any confidential information maintained by the School;
  - Employees are prohibited from making discriminatory, defamatory, libelous or slanderous comments when discussing the School, the employee's supervisors, co-workers and competitors;
  - Employees must comply with all School policies, including, but not limited to, rules against sexual harassment and retaliation.

The School reserves the right to take disciplinary action against any employee whose social media postings are disruptive to the School or violate this or other School policies.

Intellectual Property Rights

Any intellectual property, such as trademarks, copyrights and patents, and any work created by an employee in the course of employment at the School shall be the property of the School and deemed a work made for hire and the employee is deemed to have waived all rights in favor of the School. Work, for the purpose of this policy refers to written, creative or media work. All source material used in presentation or written documents must be acknowledged by the author or owner.

Media Contacts

All media inquiries regarding the School and its operations must be referred to the **Chief Impact Officer or designee**. Only the Chief Impact Officer or designee is authorized to make or approve public statements pertaining to the School or its operations, although public employees do not lose the right to speak on matters of public importance. No employee, unless specifically designated by the **Chief Impact Officer** or designee, is authorized to make statements to the media on behalf of the School. Any employee who would like to write and/or publish an article, paper, or other publication on behalf of the School must obtain approval from the Chief Impact Officer or designee before publication.

Personnel Files and Record Keeping Protocols

At the time of employment, a personnel file is established for each employee. It is each employee's responsibility to keep **the Principal (or MERF P&C Department for MERF employees)** advised of changes that should be reflected in their personnel file by making the changes in the Human Resources Information System Employee Self Service Portal. Such changes include change in name, address, telephone number, personal information if required for insurance purposes (e.g., marital/domestic partnership status, number of dependents) and person(s) to notify in case of emergency. Prompt notification of these changes is essential and will enable the School to contact an employee should the change affect their other records.

Employees have the right to inspect documents in their personnel file, as provided by law, in the presence of a School representative, at a mutually convenient time. Employees also have the right to obtain a copy of their personnel file as provided by law. Employees may add comments to any disputed item in the file. MPS will restrict disclosure of personnel files to authorized individuals within the School. A request for information contained in the personnel file must be directed to **the Principal (or MERF P&C Department for MERF employees)**. Only **the Principal and MERF P&C Department** or designee is authorized to release information about current or former employees. Disclosure of information to outside sources will be limited. However, the School will cooperate with requests from authorized law enforcement, or local, state or federal agencies conducting official investigations or as otherwise legally required. Credible complaints of substantiated investigations into or discipline for egregious misconduct will not be expunged from an employee's personnel file unless the complaint is heard by an arbitrator, administrative law judge, or the Board and the complaint is deemed to be false, not credible, unsubstantiated or a determination was made that discipline was not warranted.

HOURS OF WORK, OVERTIME AND ATTENDANCE

Employee Classifications

An employee's salary and benefits depend on a wide range of factors, including base scale, qualifications, additional duties, and performance. Employees who have any questions about their salary, should speak to the Principal or the P&C Department for more details.

Classification Type	Definition	Eligible Benefits
Full-Time Salaried	Employed on a regularly scheduled **30+ hours per week** basis for a non-specified period.	- STRS/PERS/401K Retirement Plan - Personal Necessity/Sick Leave/Floating Holiday - 100% Health Benefits Coverage (including family members) - Life insurance Plan - Vacation Hours (12-months employees only)

		- Tuition Reimbursement Program
Full-Time Hourly	Employed on a regularly scheduled **30+ hours per week** basis for a non-specified period.	- STRS/PERS/401K Retirement Plan - Personal Necessity/Sick Leave Hours/Floating Holiday - 100% Health Benefits Coverage (including family members) - Life insurance Plan - Vacation Hours (12-months employees only) - Tuition Reimbursement
Part-Time Hourly	Employed on a regularly scheduled basis of **20.00 to 29.99 hours per week** for a non-specified time.	- STRS/PERS Sick Leave
Part-Time Hourly	Employed on a regularly scheduled basis of **19.99 or less hours per week** for a non-specified time.	- Sick Leave - Not eligible for any other benefits
Temporary/ Seasonal Full-Time	Employed on a regularly scheduled basis of **30+ hour per workweek for a finite period of time** (though they are still at will employees).	- Sick Leave - Some full-time temporary and seasonal employees may also be eligible for employer-sponsored health benefits, as required by law.
Temporary/ Seasonal Part-Time	Employed on a regularly scheduled basis of **29 or less hours per week for a finite period of time** (though they are still at-will employees)**.**	- While this position may be eligible for Sick Leave, it is not eligible for any benefits.
Independent Contractor	Independent Contractors are non-employees.	Not eligible for any benefits.

Work Hours and Schedules

The School's normal operating hours are from ***7:30 a.m. to 4:00 p.m.**, Monday through Friday. The work schedule for hourly nonexempt employees may vary. Each employee will be assigned a work schedule by their supervisor. *Typical working hours for hourly nonexempt employees may be as follows:

REGULAR WORKING HOURS*	
School Level: Full-time office staff	7:30 a.m. – 4:00 p.m. (may include a meal break for thirty (30) minutes and two ten (10) minute breaks)
School Level: All other full-time employees	7:45 a.m. – 4:00 p.m. (may include a meal break for thirty (30) minutes and two ten (10) minute breaks)
CMO Level: All full-time MERF employees	8:30 a.m. – 5:00 p.m. (may include a meal break for thirty (30) minutes and two ten (10) -minute breaks)

* Working hours may vary from one School site to another.

Employee work schedules and pay may fluctuate depending on the workload:

- Employees may have to work hours beyond their normal schedules as work demands require.
- Hourly employees will only be paid for the hours worked unless accrued paid leave is used or during a paid holiday for eligible employees.
- Employees are expected to attend weekly staff meetings and other mandatory training and meetings.
- Full-time teachers may be required to supplement regular curricular activities through after school programs, including tutoring and clubs. Each full-time teacher is expected to offer at least two after school programs per week.
- As directed by the Principal, employees may be required to conduct home visits to develop a positive school-home relationship that supports student achievement.
- As directed by the Principal, employees may also be required to attend school events and activities, including but not limited to, parent conferences, student/parent orientation, back-to-school nights, parent/community meetings, and any other school events and activities that occur during or outside of the normal school day, as indicated in the work year calendar. This required work is distinguishable from the employee's involvement in non-work volunteer activities, which are not required by the employee's employment.
- Employees are expected to perform other duties as requested by their direct supervisor.

Overtime

Whether an employee is exempt from or subject to overtime pay will be determined on a case by-case basis. Generally, teachers and administrators are exempt from earning overtime pay. Exempt employees may have to work hours beyond their normal schedules as work demands require, thus, no overtime compensation will be paid to exempt employees. Nonexempt employees may be eligible to earn

overtime if required to work beyond the regularly scheduled workday or workweek. Only actual hours worked in a given workday or workweek can apply in calculating overtime for nonexempt employees. MPS will attempt to distribute overtime evenly and accommodate individual schedules, however, the operational needs of the School are paramount. All overtime work must be previously authorized in writing by **the Principal (or MERF P&C Department for MERF employees.)** MPS provides compensation for all overtime hours worked by nonexempt employees in accordance with state and federal law.

Make Up Time

A nonexempt employee may make a written request to make up work time that is or would be lost as a result of another scheduled absence. It is at the sole discretion of the School to approve or reject the request. The hours of that make-up work may only be performed in the same workweek in which the work time was lost and may not result in the employee earning overtime. The makeup time must not exceed eleven (11) hours of work in one day or forty (40) hours of work in one week. The employee is responsible for recording the time worked and taking all applicable rest and meal breaks during make-up time. Make up time is not encouraged and is based on the availability of work.

Employees who are called to work on a scheduled day off, such as a holiday, may be provided a makeup day off during the same workweek, schedule permitting and with supervisor approval.

Wage Attachments and Garnishments

Under normal circumstances, the School will not assist creditors in the collection of personal debts from its employees. However, creditors may resort to certain legal procedures such as garnishments, levies or judgments that require the School, by law, to withhold part of an employee's earnings in their favor. The School will comply with such legal procedures.

Employees are strongly encouraged to avoid such wage attachments and garnishments.

Meal and Rest Periods

All employees working at least five (5) hours are provided with a thirty (30) minute unpaid meal period, to be taken approximately in the middle of the workday, but by no later than the end of the fifth (5th) hour of work. An employee may waive this meal period if the day's work will be completed in no more than six (6) hours, provided the employee and MPS mutually consent to the waiver in writing.

Nonexempt employees are also provided with a ten (10) minute rest period for every four (4) hours worked or major fraction thereof, which should be scheduled towards the middle of the four (4) hour work period as practicable. Employees are prohibited from combining meal and rest period time. An employee's supervisor must be aware of and approve scheduled meal and rest periods. Employees must immediately inform their supervisor if they are prevented from taking their meal and/or rest periods. Employees are expected to observe assigned working hours and the time allowed for meal and rest periods.

Lactation Accommodation

MPS accommodates lactating employees by providing a reasonable amount of break time to any employee who desires to express breast milk for an infant child. The break time shall, if possible, run concurrently with any break time already provided to the employee. Any break time provided to express breast milk that does not run concurrently with break time already provided to the nonexempt employee shall be unpaid.

MPS will make reasonable efforts to provide employees who need lactation accommodation with the use of a room or other private location that is clean and located close to the employee's work area. Such a room/location shall not be a bathroom or contain toxic or hazardous materials, and shall have electricity, a surface to place a breast pump, and a place to sit. Employees shall also be given access to a sink with running water and a refrigerator. Employees with private offices will be required to use their offices to express breast milk.

Employees who desire lactation accommodation should contact their supervisor to request accommodations.

Pay Days

Paydays are scheduled twice per month for **all employees**. The pay periods run from the 1st of the month to the 15th of the month (with paychecks available on the 20th of the month) and the 16th of the month to the end of the month (with paychecks available on the 5th of the following month). For 12-month employees, the School pays up to twenty-four (24) pay periods. For 11-month employees, the School pays up to twenty-two (22) pay periods.

The total number of pay periods may vary depending on the starting and ending date of employment, and whether the employee performed work, used time from the accrued leave (paid sick leave, vacation leave, PTO), or is eligible for a paid holiday during the pay period. The last pay period of the school year ends on June 30th. Each paycheck will include earnings for all reported work performed through the end of the payroll period and is subject to regular withholdings. In the event that a regularly scheduled payday falls on a weekend or holiday, employees will receive their pay no later than the next day of work after the day(s) off.

Employees should promptly notify **the Principal (or MERF P&C Department for MERF employees)** with questions regarding the calculations of their paycheck. Any corrections will be noted and will appear on the following payroll check.

Payroll Withholdings

As required by law, the School shall make all required withholdings, including:

- Federal Income Tax Withholding: The amount varies with the number of exemptions the employee claims and the gross pay amount.

- State Income Tax Withholding: The amount varies with the number of exemptions the employee claims and the gross pay amount.

- Social Security (FICA): The Federal Insurance Contribution Act requires that a certain percentage of employee earnings be deducted and forwarded to the federal government, together with an equal amount contributed by the School.

- State Disability Insurance (SDI): This state fund is used to provide benefits to those out of work because of illness or disability. These contributions also cover Paid Family Leave (PFL) benefits to those out of work to care for a seriously ill family member/designated person or bond with a new child. SFI and PFL benefits are managed by California Employment Development Department (EDD) and are not determined by the School.

- CalSTRS and CalPERS Contributions: The School participates in the California State Teachers Retirement (CalSTRS) and the California Public Employee Retirement System (CalPERS), which are pension programs that provide defined benefits to qualifying members in retirement. Employees will have a percentage of their pay withheld to contribute to the CalSTRS and CalPERS, and the school will also make a monthly contribution on the employee's behalf.

Employees may also have deductions made to their paychecks when a wage overpayment occurs. The School will provide the employee with a written notice which describes the wage overpayment and will afford the employee an opportunity to respond before commencing any recoupment action. If the employee disputes the wage overpayment, the School shall initiate a legal action to validate the overpayment before proceeding with recoupment. The School may require the employee to reimburse an overpayment through a mutually agreeable method, including through cash repayment or a deduction of the employee's payroll check, among other options. An employee who is separated from employment before full repayment of the overpayment amount shall have any remaining amounts withheld from their final check. The School also reserves the right to exercise any and all other legal means to recover any additional amounts owed. The School shall provide employees with advance written notice of the deduction prior to the pay period where it will go into effect.

Every payroll deduction is explained on the check voucher. Employees are directed to contact Human Resources with questions.

Employees may change the number of withholding allowances claimed for Federal Income Tax purposes at any time by filling out a new W-4 form and submitting it to **the Principal (or MERF P&C Department for MERF employees) and by updating the Human Resources Information System Employee Self Service Portal**. The P&C Department also maintains a supply of forms.

It is the employee's responsibility to report any changes in filing status to **the Principal (or MERF P&C Department for MERF employees)** by updating his/her Human Resource Management System Employee Self Service Portal.

At the end of the calendar year, a "withholding statement" (W-2) will be prepared and forwarded to each employee for use in connection with preparation of income tax returns. The W-2 shows Social Security information, taxes withheld and total wages.

The School offers programs and benefits beyond those required by law. Employees who wish to

participate in these programs may voluntarily authorize deductions from their paychecks.

Salary Compensation for Partial Pay Period

Salary payments to employees who are employed for less than a full pay period because of leave without pay, separation from employment for any reason, or employment at dates other than the beginning or the end of the pay period are computed on the basis of actual working days in the month. For this purpose, working days are considered to be forty (40) hours Monday through Friday unless otherwise specified.

For teaching staff, the actual working days start on the first day of summer teacher in-service and end on the last day of school or on the end-of-year school wrap-up day, whichever is later.

Pay Rate Schedule

Pay is primarily determined by the work classification, employee qualifications, years of service, and individual performance. The School uses the Board approved employee pay raise scales to determine the salaries for full- time teaching staff and non-classroom based academic personnel and school leaders**. MERF employees and classified employees pay are determined by the MPS Board approved salary band. Please refer to the scales for details. For school level classified employees, the pay is primarily determined by the work classification and individual performance.**

Attendance Policy

Regular and reliable attendance is essential to supporting MPS's mission and ensuring strong student outcomes. With 180 instructional days each year, every employee plays a critical role in maintaining continuity of learning and school operations. Being present—not just physically, but as a prepared and punctual professional—directly impacts student success, team effectiveness, and the overall functioning of our schools.

Employees are expected to adhere to their assigned work schedules, to report to work on time, and to remain at work for their full scheduled shift unless an appropriate and approved absence occurs. School-organized In-Service days, Professional Development days, and all regular workdays are considered required workdays.

If an employee must be absent or late, they are required to notify their **direct supervisor** as early as possible and, when feasible, arrange absences in advance. If advance arrangement is not possible, employees must notify their **direct supervisor** no later than one-half (½) hour before the start of the workday. Employees who are absent for more than one day must keep their supervisor sufficiently informed of their status. Teachers must also maintain a substitute folder and ensure lesson plans and essential materials are accessible to support instructional continuity during an absence.

In addition to notifying a supervisor, all absences must be recorded in the HRIS system regardless of whether the employee has accrued leave available, so the employee's status is properly documented. Failure to properly record an absence is a violation of the attendance policy.

Excessive Absenteeism and Tardiness

Consistent attendance is a core professional responsibility. Excessive or unexcused absenteeism or tardiness disrupts school operations and student learning and will result in corrective action under the School's **Discipline Policy**.

Absences must comply with applicable leave laws, the Employee Handbook, and School procedures. Absence for more than three (3) consecutive days without notifying the Principal will be considered a voluntary resignation from employment, except in verified emergencies or circumstances protected by law.

Time missed due to tardiness may be deducted from available leave balances. Once all sick leave or vacation is exhausted, time missed will be unpaid.

CHART OF CONSEQUENCES FOR TARDINESS AND ABSENCES		
	OCCURRENCES/DAYS	**STEP AND ACTION**
TARDINESS	1 -2 occurrences	Verbal Warning + documented coaching
	3rd occurrence	Written Warning
	4th occurrence	Improvement Plan (PIP) + monitoring period
	5th occurrence	Final Written Warning
	6th occurrence	Disciplinary action up to and including termination
ABSENCES	After all sick leave/vacation days are used	Exempt: full day of pay deducted; Nonexempt: unpaid time; attendance expectations reviewe
UNEXCUSED ABSENCE	1st occurrence	Written Warning

NO CALL/NO SHOW	2nd occurrence	Final Written Warning
	3rd occurrence	Disciplinary action up to and including termination
	3 consecutive days	Considered job abandonment, which can lead to termination

Timecards and Records

By law, MPS is obligated to keep accurate records of the time worked by nonexempt employees. Such employees shall be required to utilize the School's timecard system.

Nonexempt employees must accurately clock in and out of their shifts as this is the only way the payroll department knows how many hours each employee has worked and how much each employee is owed. The timecard indicates when the employee arrived and when the employee departed. All nonexempt employees must clock in and out for arrival and departure, along with lunch and for absences like doctor or dentist appointments. All employees are required to keep the office advised of their departures from and returns to the school premises during the workday.

Nonexempt employees are solely responsible for ensuring accurate information on their time cards and remembering to record time worked. If an employee forgets to mark their time card or makes an error on the time card, the employee must contact the Principal within the same pay period to make the correction and such correction request must be approved by the Principal.

Nonexempt employees are prohibited from performing off-the-clock work, including but not limited to checking emails before/after work hours, performing work in the morning before logging in, and running School errands after logging out.

No one may record hours worked on another's timecard. Any employee who violates any aspect of this policy may be subject to disciplinary action, up to and including release from at-will employment with the School.

Mandatory Training and Meetings

As a professional learning organization committed to 180 days of strong instructional outcomes, MPS requires all employees to fully participate in scheduled mandatory trainings and meetings. These events—including summer in-services, professional development days, the All-Staff Symposium, and weekly staff meetings—are essential to building shared practices, ensuring consistency across schools, and supporting student achievement. **Attendance is not optional for mandatory events.**

Why This Matters

At Magnolia, we believe that every student deserves access to high-quality, aligned instruction and a unified, mission-driven school experience. Our mandatory gatherings—especially the All-Staff Symposium—are critical opportunities for:

- Building shared expectations and instructional alignment across all schools
- Strengthening organizational culture and connection
- Ensuring consistent practices that directly impact student success
- Equipping staff with tools and professional learning needed for the school year
- Creating space for collaboration, innovation, and collective problem-solving

These shared moments reaffirm our purpose and allow us to operate as **one team**, providing students with a cohesive educational experience regardless of campus.
For these reasons, staff are expected to prioritize attendance at all mandatory events and make personal arrangements (including childcare or transportation) well in advance to ensure participation.

Attendance Expectations
Employees must request an exception **in advance** from their direct supervisor if an unavoidable, documented extenuating circumstance arises. Personal preference, childcare issues, or travel inconvenience do not qualify as automatic exemptions and must still be formally reviewed and approved before the event.

Nonexempt employees will be compensated for mandatory training, lectures, and meetings occurring outside regular work hours, including applicable travel time and mileage in accordance with the MPS Reimbursement Policy.

Mandatory trainings and meetings will be clearly identified as such. Employees unsure whether an event is mandatory must clarify with their supervisor **before the scheduled date**.

All nonexempt employees must record all hours spent attending mandatory trainings and meetings on their timecards.

Failure to attend a required training or meeting without prior approval may result in corrective or disciplinary action under the Progressive Discipline Policy, up to and including written warnings, an Improvement Plan, or further disciplinary steps.

Expense Reimbursements

The School may reimburse employees for certain reasonably necessary expenses incurred in the furtherance of School business, including, but not limited to, fingerprint processing fees, TB test fees, First Aid & CPR fees, fees of exams that lead to professional certification (CSET, CBEST, RICA, CTEL, CLAD, CPACE, etc.,) and other approved School business and profession related expenses. During the onboarding process for a new hire, fingerprint processing fees and TB test fees may be reimbursed up to 2 (two) fees upon the supervisor and/or the P&C Department's request and approval. Credential fees, university entrance exam fees, and US Constitution exam fees are not reimbursable. Please refer to the MPS Tuition Reimbursement policy for professional development opportunities and certification programs reimbursed by the School.

In order to be eligible for reimbursement, employees must follow the protocol set forth in the MERF's policy regarding expenditures, a copy of which may be obtained from the **Principal (or MERF P&C Department for MERF employees)**.

MERF Purchase Policies and Procedures Manual requires all employee expense or purchase plans to be pre- approved by his/her supervisor.

All new and continuing tuition reimbursement requests must be pre-approved annually by the employee's supervisor as stated in the MPS Tuition Policy.

STANDARDS OF CONDUCT

Personal Appearance/Standards of Dress

MPS employees serve as role models to the School's students. All employees should therefore maintain professional standards of dress and grooming. Just as overall attitude and instructional competency contribute to a productive learning environment, so do appropriate dress and grooming.

Employees are encouraged to wear clothing that will add dignity to the educational profession, will present an image consistent with their job responsibilities, and will not interfere with the learning process. Accordingly, all employees shall adhere to the following standards of dress:

1. Clothing and jewelry must be safe and appropriate to the educational environment. All clothing must be clean and in good repair. Slits or tears in pants or other articles of clothing are not permitted except for modest slits in dresses or skirts that are no higher than three (3) inches above the knee.

2. Head coverings, including hats of any kind, except those worn for religious or safety reasons, are not to be worn inside school buildings including assemblies, classrooms, labs and offices. Hats may be worn outside for sun protection. All hats are to be removed upon entering school buildings. For exceptions to this policy, prior approval must be granted by the Principal.

3. Slacks and shorts are to be worn on the waist with no portion of an undergarment showing.

4. Shorts should be modest in length and should be no higher than three (3) inches above the knee.

5. Skirts and dresses should be no higher than three (3) inches above the knee.

6. All tops must be appropriate to the work environment, and should be clean, neat, and provide proper coverage.

7. For safety purposes, earrings must not dangle more than one (1) inch below the ear.

8. Clothing or jewelry with logos that depict and/or promote gangs, drugs, alcohol, tobacco, sex, violence, illegal activities, profanity, or obscenity are not permitted.

9. Apparel of a controversial nature which is likely to be divisive or disruptive to students or interfere with MPS's neutral viewpoint work environment.

10. Due to safety concerns, appropriate shoes must be worn at all times. For example; flip flops are not appropriate foot wear.

11. If an employee has a tattoo that is visible, it is the employee's responsibility to ensure that it is not visible during working hours.

12. Supervisors will inform employees of any specific dress requirements for their position.

Prohibited Conduct

The School expects that all employees will conduct themselves in a professional and courteous manner while on duty. Employees who behave with a disregard for school rules, mission, or vision will be disciplined accordingly. This includes employees who behave with a lack of courtesy and civility toward others, who do not prioritize their commitment to MPS, and who undermine or act against School programs, rules, and policies. MPS wishes to provide students with the best quality of education by committed school leaders with a student-centric mindset.

MPS understands that not every person values and prioritizes a charter school education with the same level of commitment, and that is the prerogative of the individual. However, it is MPS's prerogative in an at-will employment relationship to seek to surround our students with committed advocates, and to end employment relationships with individuals who do not carry out the School's mission. Employees who are not committed to carrying out MPS's school mission, or who behave in a manner that is contrary to the goals of the School, may be deemed not a good fit for MPS and released from at-will employment on that basis. Similarly, employees who violate the spirit of this section, or the expressly written rules of conduct, may be released from at-will employment. The following is a list of conduct that is prohibited by the School. This list is not exhaustive and is intended only to provide examples of the type of conduct that will not be tolerated by the School. The specification of this list of conduct in no way alters the employment relationship the employee has with the School nor does it prevent the School from releasing employees for any or no reason at all, consistent with the at- will employment relationship.

- Insubordination – willfully or negligently failing to perform a task or duty assigned or act in accordance with instructions provided by the School;
- Unprofessional conduct.
- Inefficiency - including willful or negligent restriction of output, carelessness or unnecessary wastes of time or material, neglect of job duties or responsibilities;
- Unacceptable or poor job performance;
- Privacy violations or release of confidential information without authorization;
- Violations of the attendance policy or other unexcused/unreported absence and/or lack of punctuality;
- Improper use or abuse of leave;
- Working unauthorized overtime or refusing to work assigned overtime;
- Misuse of School property or funds;

- Improper use of School equipment, materials, time or property;
- Damaging, defacing, unauthorized removal, destruction or theft of another employee's property or of School property.
- Failure to maintain a required license, certification or permit current and in good standing;
- Horseplay or other unnecessary or inappropriate physical contact;
- Sleeping, loitering, or malingering on the job;
- Refusal to communicate with students, parents, supervisors, or other employees;
- Conducting personal business during business hours and/or unauthorized use of School property for non- School reasons;
- Posting any notices on School premises without prior written approval of management unless posting is on a School bulletin board designated for employee postings and is otherwise non offensive and appropriate for the workplace;
- Unauthorized soliciting, collecting of contributions, distribution of literature, written or printed matter, is strictly prohibited on School property by non-employees and by employees. This rule does not cover periods of time when employees are off their jobs such as lunch periods and break times. However, employees properly off their jobs are prohibited from such activity with other employees who are performing their work tasks;
- Failure to comply with the School's safety procedures;
- Failure to report a job-related accident to the employee's manager or failure to take or follow prescribed tests, procedures or treatment;
- Immoral or indecent conduct;
- Fighting or instigating a fight on School premises;
- Gambling on school premises;
- Use of profane, abusive or threatening language in conversations with other employees and/or intimidating or interfering with other employees;
- Possession of alcohol or illegal drugs and controlled substances at work, or reporting to work while under the influence of the same;
- Dishonesty;
- Falsification, fraud or omission of pertinent information when applying for a position;
- Recording the work time of any other employee, or allowing any other employee to record time on your time record or falsifying any time record;
- Theft or embezzlement;
- Willful destruction of School property;
- Conviction of a crime making the employee unfit for the position, or failure to report a criminal charge or conviction to the School;
- Possession of firearms, or any other dangerous weapon, while on campus or while working for the School;
- Violation of the discrimination, harassment or retaliation policy;
- Engaging in sabotage or espionage (industrial or otherwise);
- Any willful act that endangers the safety, health or wellbeing of another individual;
- Any act of sufficient magnitude to cause disruption of work or gross discredit to the school;
- Failure to follow any known policy or procedure of the School or gross negligence that results in a loss to the School; and
- Failure to respond to work-related communications within 1 day for exempt employees and 1 business day for nonexempt employees.
- Violations of federal, state or local laws affecting the organization or the employee's employment

with the organization.

- Failure to disclose a pending action against the employee's credential by the California Commission on Teacher Credentialing.
- Failure to adequately supervise (e.g. employees must be free from distraction and are prohibited from personal cell phones while on supervision duty).
- Allowing a visitor onto campus without prior authorization and without the appropriate clearances.

Off-Duty Conduct

While the School does not seek to interfere with the lawful off-duty and personal conduct of its employees, certain types of off-duty conduct may interfere with the School's legitimate business interests. For this reason, employees are expected to conduct their personal affairs in a manner that does not adversely affect the School or its own integrity, reputation, or credibility. Illegal or immoral off-duty conduct by an employee that adversely affects the School's legitimate business interests or the employee's ability to perform his or her work will not be tolerated.

While employed by the School, employees are expected to devote their energies to their jobs with the School. For this reason, second jobs are strongly discouraged. The following types of additional employment elsewhere are strictly prohibited:

- Additional employment that conflicts with an employee's work schedule, duties, and responsibilities at the School;
- Additional employment that creates a conflict of interest or is incompatible with the employee's position with the School;
- Additional employment that impairs or has a detrimental effect on the employee's work performance with the School;
- Additional employment that requires the employee to conduct work or related activities on the School's property during the employer's working hours or using our School's facilities and/or equipment; and
- Additional employment that directly or indirectly competes with the business or the interests of the School.

Employees who wish to engage in additional employment must submit a written request to the School explaining the details of the additional employment. The School will advise the employee of whether a conflict appears to exist based on the information provided. The School assumes no responsibility for this determination or the employee's other employment. MPS shall not provide workers' compensation coverage or any other benefit for injuries occurring from or arising out of the additional employment. Authorization to engage in additional employment can be revoked at any time if a conflict is suspected.

EMPLOYEE BENEFITS

Holidays and Vacations School Holidays

The School recognizes the following holidays. All exempt and nonexempt **full-time** employees will receive the following paid holidays in 2026-2027:

School Holidays	Dates
Independence Day	**July 3, 2026 (Friday) *(for 12month employees)***
Labor Day	**September 7, 2026 (Monday)**
Veterans Day	**November 11, 2026 (Wednesday)**
Thanksgiving Day*	**November 26, 2026 (Thursday)**
Day after Thanksgiving*	**November 27, 2026 (Friday)**
Winter Break Holiday**	**December 23, 2026 (Wednesday)**
Winter Break Holiday**	**December 24, 2026 (Thursday)**
Christmas Holiday**	**December 25, 2026 (Friday)**
New Year's Holiday**	**December 31, 2026 (Thursday)**
New Year's Holiday**	**January 1, 2027 (Friday)**
M. L. King Day	**January 18, 2027 (Monday)**
Presidents' Day	**February 12, 2027 (Friday) (Only MSA-SA, Anaheim, SD)** **February 15, 2027 (Monday) (All MPS & HO)**
Farmworkers Day	**March 31, 2027 (Friday) (All MPS & HO Except SD)**
Spring Break Holiday***	**March 24, 2027 (Wednesday) (HO &, 1-8, Anaheim)** **March 31, 2027 (Wednesday) (SD)** **April 7, 2027 (Wednesday) (SA)**
Spring Break Holiday***	**March 25, 2027 (Thursday) (HO &, 1-8, Anaheim)** **April 1, 2027 (Thursday) (SD)** **April 8, 2027 (Thursday) (SA)**
Memorial Day	**May 31, 2027 (Monday)**
Juneteenth Holiday	**June 18, 2027 (Friday)**

* Falls during Thanksgiving Break
** Falls during Winter Break
*** Falls during Spring Break

School Breaks

All **full-time** exempt employees who are not in "leave status" will receive the following paid school breaks (which may include, and are not in addition to, the School Holiday Schedule above):

- Thanksgiving Break (including Thanksgiving Day and the Day after Thanksgiving)
- Winter Break (including the Christmas Day, Winter Break Holiday, and New Year's Day)
- Spring Break (including Spring Break Holiday)

Part-time, temporary, and seasonal employees, and independent contractors, are not compensated during School breaks.

Full-time **education specialists, school psychologists, college counselors, athletic directors, and school social workers** at the school sites will be treated as teaching staff for the purpose of holidays and vacation. If employees have any questions about their employment classification, they should consult with **MERF People and Culture Department.**.

SCHOOL BREAKS	DATES
Full-time teaching staff:	
Thanksgiving Break	**November 23 (Mon) - November 27 (Fri), 2026** (All MPS Schools & HO)
Winter Break	**December 21, 2026 (Mon) – January 8, 2027 (Fri)** (Only HO, MSA1-8, SA, Anaheim) **December 21, 2026 (Mon) – January 1, 2027 (Fri)** (Only SD)
Spring Break	**March 22, 2027 (Mon) - March 26, 2027 (Fri)** (HO&,1-8,Anaheim) **March 29, 2027 (Mon) - April 2, 2027 (Fri)** (MSA-San Diego) **April 5, 2027 (Mon) - April 9, 2027 (Fri)** (MSA-Santa Ana)
School administrators, classified exempt 12 month employees, and MERF employees:	
Thanksgiving Break	**November 25 (Wed)-November 27 (Fri), 2026** (All MPS Schools & HO)
Winter Break	**December 23, 2026 (Wed)–January 8, 2027 (Fri)** (Only HO, MSA1-8, SA, Anaheim) **December 23, 2026 (Wed)–January 1, 2027 (Fri)** (Only SD)
Spring Break	**March 24, 2027 (Wed) - March 26, 2027 (Fri)** (HO, 1-8, Anaheim) **March 31, 2027 (Wed) - April 2, 2027 (Fri)** (MSA-San Diego) **April 7, 2027 (Wed) - April 9, 2027 (Fri)** (MSA-Santa Ana)

If a school site has a different schedule of breaks and/or additional breaks other than those listed above, such as fall break, Presidents' week, etc., the general rule of thumb is that fulltime teaching staff will take the whole break off in the school calendar while the School administrators and MERF employees will have two (2) days less off. Full-time, hourly classified staff are only eligible for pay according to the School Holiday Schedule above.

Floating Holidays

All full-time MPS Employees are eligible to receive two (2) floating days each school year. Floating Holidays are not vacation days, and cannot be paid out, cashed out, and cannot be rolled over. Floating holidays are provided at the start of each school year.

Vacation

The School provides vacation benefits to eligible employees to enable them to take paid time off for rest and recreation. Vacation is provided to prevent overworking. The School believes that this time is valuable for employees in order to enhance their productivity and to make their work experience with the School personally satisfying.

All **full-time 12-month** employees accrue vacation from the date of hire at the following accrual rates:

*ELIGIBLE EMPLOYEES	VACATION ACCRUAL	MAX CAP
School Administrators	Hours will accrue per pay period up to 160 hours (8 hours per pay period) per year	240 hours
School Classified Employees	Hours will accrue per pay period up to 120 hours (6 hours per pay period) per year	200 hours
MERF Employees	Hours will accrue per pay period up to 160 hours (8 hours per pay period) per year	240 hours

As a benefit to employees, eligible employees will accrue the maximum vacation time prior to the end of the year to facilitate their use of vacation time before the end of the year. This accelerated accrual does not entitle eligible employees to vacation time above and beyond their yearly accrual, as indicated in the chart above. Vacation time may not be utilized before it is earned. Vacation is rolled over from year to year and is capped at 240 hours for administrators and MERF employees, and 200 hours for full-time classified employees. There is no retroactive grant of vacation compensation for the period of time the accrued vacation compensation was at the cap.

Employees who have non-sick related partial or full day absences will have vacation time deducted from their vacation bank commensurate with their time off.

No vacation accrues during any unpaid leave of absence or while on disability salary continuation. Vacation accruals recommence when the employee returns to work.

On termination of employment, the eligible employee is paid all accrued, unused vacation at the employee's base rate of pay at the time of his or her separation from employment.

All vacations must be approved in advance by **the direct supervisor of the employee**, who will make reasonable efforts to accommodate employee requests. Vacation requests must be made at least two (2) weeks prior to the desired vacation time. Job requirements will always have precedence over vacation schedules. The School may attempt to have some of its employees stagger vacations in an effort to avoid affecting services.

11 month employees, including non-classroom based academic employees and teaching staff, do not accrue vacation.

For full-time teaching staff, the actual working days start on the first day of summer teacher in-service and end on the last day of school or on the end-of-year school wrap-up day, whichever is later.

Any accrued but unused vacation will not be paid out at the end of the school year. Nonetheless, all employees are entitled to have their unused vacation time paid out upon separation from the School.

Sick Leave

To help prevent loss of earnings that may be caused by accident or illness, or by other emergencies, MPS offers paid sick leave to its employees. Sick leave may be taken to receive preventive care (including annual physicals or flu shots) or to diagnose, treat, or care for an existing health condition. Additionally, employees may use sick leave during public health emergencies resulting in the closure of MPS, the employee's child care provider, or the school of the employee's child. Employees may also use sick leave to assist a family member (i.e., children, parents, spouses/domestic partners, grandparents, grandchildren, siblings), or a designated person (i.e., one who is designated by the employee at the time the leave is requested) who must receive preventative care or a diagnosis, treatment, or care for an existing health condition. Employees limited to one (1) designated person per twelve (12) month period. Employees may also take paid sick leave while on jury duty or when appearing as a witness during judicial proceedings, or to receive medical care or other assistance in relation to being the victim of domestic violence, sexual assault, or stalking.

All full-time and part-time staff will be credited with forty-eight (48) hours of sick leave at the start of the school year. In addition to the credited forty-eight (48) hours, all 11 and 12-month full-time employees will accrue two (2) sick leave hours per pay period. The maximum accrued sick leave is eighty (80) hours per year. Paid sick leave can be used by all MPS employees who work for at least thirty (30) days within the span of a single calendar year from the commencement of employment.

Employees may roll over up to eighty (80) hours of paid sick leave from year to year.

MPS EMPLOYEE SICK HOURS			
	BEGINNING	**ACCRUAL**	**MAXIMUM ACCRUAL**
11-MONTHS FULL-TIME	48 hours	2 hours per pay period	80 hours
12-MONTHS FULL-TIME	48 hours	2 hours per pay period	80 hours
PART-TIME	48 hours	X	N/A
SEASONAL/TEMPORARY	0	1 hour for every 30 hours worked	80 hours

Employees cannot use paid sick leave until the thirtieth (30th) calendar day following the employee's start date. Sick leave must be taken by eligible employees in increments of thirty (30) minutes.

Sick leave is intended to be used only for the qualifying purposes stated above. MPS will not tolerate abuse or misuse of sick leave. If an employee is absent longer than five (5) days due to illness, medical

evidence of the illness and/or medical certification of the employee's fitness to return to work may be required.

It is integral to the operation of MPS programs, and the education of students, that MPS receive proper advance notice of paid sick leave absences. Unless the delay in reporting was unavoidable, employees must make advance requests for paid sick leave so coverage can be provided for their role, and student programs are not unnecessarily disrupted by a sudden absence. An employee who has an authorized reason for an absence, but no justifiable reason for failing to report it in advance as required by the attendance policy, may be subject to discipline for violation of this section. Employees who are absent for a paid sick leave related reason must request paid sick leave, as supervisors will not assume sick leave is appropriate and enter it on the employee's behalf.

Employees must exhaust all available paid sick leave prior to utilizing unpaid leave unless otherwise allowed by law. Once an employee has exhausted sick leave, the employee may continue on an unpaid leave, if eligible under applicable leave law, depending upon the facts and circumstances of the employee's basis for leave beyond the accrued sick leave. If an employee is not eligible for any applicable medical leave and has exhausted all paid sick leave, the employee will not be paid for time not worked. Employee requests for unpaid leave must be approved in advance by the School.

From time to time, the School may offer to buy back up to forty (40) hours of unused paid sick leave days at $250 per day by the end of June, with employee consent. If the employee does not participate, paid sick leave will roll over up to the maximum cap. To be eligible for the buy-back, employees must work for the School for at least ninety (90) days of their work year before they may be eligible for the School to buy back their paid sick leave. For employees who do not complete ninety (90) days by June 30 and are therefore ineligible for the buy back, their paid sick leave will roll over up to the maximum cap. The School will not buy back any paid sick leave from new or continuing employees who (1) fail to work for the School for ninety (90) consecutive days of the new work year, or (2) are separated from the School based on misconduct, unprofessionalism, or suspicion of the same. The School does not buy back sick leave from temporary or seasonal employees, such as summer school employees.

Personal Necessity Leave:

A full-time employee may elect to use up to five (5) days of accumulated sick leave each school year for personal necessity including any of the following specific reasons:

- Death or serious illness of a member of his/her immediate family (this is in addition to normal bereavement leave);
- Accident involving his/her person or property or the person or property of a member of his/her immediate family;
- Appearance in court as a litigant, or as a witness under official order;
- Adoption of a child;
- The birth of a child making it necessary for an employee who is the parent of the child to be absent from his/her position during the work hours;
- Business matters which cannot reasonably be conducted outside the workday (does not include vacations or similar voluntary activities).

Employees must request personal necessity leave at least one (1) day in advance, unless an emergency situation occurs. Personal necessity leave is not vacation but rather part of the sick leave policy. Personal necessity leave does not carry over from school year to school year.

MERF Offered Benefits Chart

	Full-Time							Part-Time(20-29.99 hr/week)	Part-Time (less than 20 hr/week)	Temporary/ Seasonal		
Status	**School Admin Home Office**	**Classified**				**Teacher**		**Classified**		**Teacher Classified**		
Duration	**12-Month**	**12-Month**		**11-Month**		**11-Month**		**Part-Time**		**Part-Time**	**Full-Time**	
Salary Type	**Salaried**	**Salaried**	**Hourly**	**Salaried**	**Hourly**	**Salaried**	**Hourly**	**Hourly**		**Hourly**	**Salaried**	**Hourly**
Bereavement Hours	40	40	40	40	40	40	40	40	40	40 (Unpaid)	(40 Unpaid)	(40 Unpaid)
Floating Hours	16	16	16	16	16	16	16	NO	NO	NO	NO	NO

Sick Hours	80	80	80	80	80	80	80	48	48	1 hr per 30 hrs worked	1 hr per 30 hrs worke d	1 hr per 30 hrs worked
Vacation Hours	160	120	120	NO	NO	NO	NO	NO	NO	NO	NO	NO
Health Benefits (Health, Dental, Vision)	YES	YE S	YES	YES	YES	YES	YES	NO	NO	NO	🎧	🎧
Retirement (STRS, PERS or 403b)	YES	YE S	YES	YES	YES	YES	YES	YES	NO	NO	NO	NO
Tuition Reimbursement (BTSA, Master's, Ph.D.)	YES	YE S	YES	YES	YES	YES	YES	NO	NO	NO	NO	NO

Paid Time Off (Fall, Spring, Winter Breaks)	YES	YE S	YES	YES	YES	YES	YES	NO	NO	NO	NO	NO

Temporary/seasonal employees may be eligible for health benefits and sick leave depending on the length of the assignment and the hours worked, as specified in the Health Benefits section and Paid Sick Leave section of this Handbook.

INSURANCE BENEFITS

Health Insurance

Full-time employees are entitled to health insurance benefits in accordance with applicable law and the School's health insurance plan. The School will cover one-hundred (**100%**) percent of the premium for employees who chose the HMO option and one-hundred (**100%**) percent of the premium to enroll legal dependents in the same program. The employee's portion of monthly premiums will be deducted from the employee's paycheck for employees who select the PPO selection or a greater amount of insurance coverage. The School may provide the employee a stipend payment at the rate of $150 per month if employee is enrolled in a separate health insurance benefit program *and declines all employer-sponsored health insurance benefits* (i.e. medical, vision, and dental) in writing by no later than within the month of August of each year. MPS will not provide a stipend to employees who will receive or have employer sponsored health insurance coverage through an actively working partner spouse of MPS.

After the end of the open enrollment or once the employee selects a plan, employees may not cancel or convert from HMO to PPO or vice versa until the next open enrollment unless there is a qualifying event such as birth of a child, loss of coverage, marital status.

Part-time, and temporary/seasonal employees working less than 30 hours per week are not entitled to health benefits provided by the School. Independent contractors, consultants and leased employees (i.e., those working for an employment agency) are not employees of the School and are not eligible for benefits provided by the School.

If medical insurance premium rates increase, employees may be required to contribute to the cost of increased premiums to retain coverage. Unless otherwise mandated by law, employees on a leave of absence are responsible for selecting continuing health coverage and paying the premium for such coverage. Failure to timely request and pay for such coverage will result in the loss of coverage.

Eligibility Coverage Start Date

Subject to health insurance carrier approval, employee coverage will begin on the first day of employment or if hired mid-month it will start on the first day of the next month. The employee is responsible for logging into MPS's Human Resources Information System and properly enrolling in any selected plans within the first thirty
(30) days of their start date.

Disability Insurance

All employees are enrolled in California State Disability Insurance (SDI), which is a partial wage

replacement insurance plan for California workers. Employees may be eligible for SDI when they are out of work related to an injury, subject to SDI eligibility requirements. The employee must contact SDI for specific rules and regulations relating to SDI eligibility, and the **MERF P&C Department** may be available to assist.

Family Leave Insurance

Employees covered by the SDI may also be covered by the California Paid Family Leave Insurance program. Eligible employees are entitled to receive up to eight (8) weeks of wage replacement benefits from the State of California when they suffer a wage loss for taking time off to care for a seriously ill or injured qualifying family member or to bond with a new child within one (1) year of birth or placement of the child with the employee.

Specific rules and regulations relating to Family Leave Insurance are available from SDI, and the **MERF P&C Department** may be able to assist.

Life Insurance

Employee life insurance is provided by MERF. All full-time employees will be covered upon hire, subject to program eligibility requirements. Employees should contact the P&C Department for coverage details.

Workers' Compensation Insurance

Eligible employees are entitled to Workers' Compensation Insurance benefits when suffering from an occupational illness or injury. This benefit is provided at no cost to the employee. See below for a further description of making a claim for Workers' Compensation Insurance benefits.

COBRA Benefits

Continuation of Benefits:

When coverage under the School's medical and/or dental plans ends, employees or their dependents can continue coverage for eighteen (18) or thirty-six (36) months, depending upon the reason benefits ended. To continue coverage, an employee must pay the full cost of coverage – the employee contribution and the School's previous contribution plus a possible administrative charge.

Medical coverage for an employee, his/her spouse, and eligible dependent children can continue for up to eighteen (18) months if coverage ends because:

- Employment ends, voluntarily or involuntarily, for any reason other than gross misconduct; or
- Hours of employment are reduced below the amount required to be considered a full-time employee or part- time, making the employee ineligible for the plan.

This eighteen (18)-month period may be extended an additional eleven (11) months in cases of disability subject to certain requirements. This eighteen (18)-month period also may be extended an additional eighteen (18) months if other events (such as a divorce or death) occur subject to certain requirements.

An employee's partner and eligible dependents can continue their health coverage for up to thirty-six (36) months if coverage ends because:

- The employee dies while covered by the plan;
- The employee and their partner become divorced or legally separated;
- The employee becomes eligible for Medicare coverage, but the employee's partner has not yet reached age sixty-five (65); or
- The employee's dependent child reaches an age which makes him or her ineligible for coverage under the plan.

Rights similar to those described above may apply to retirees, partners and dependents if the employer commences a bankruptcy proceeding and those individuals lose coverage.

MPS will notify employees or their dependents if coverage ends due to termination or a reduction in work hours. If an employee becomes eligible for Medicare, divorced or legally separated, dies, or when a dependent child no longer meets the eligibility requirements, the employee or a family member are responsible for notifying the School within thirty (30) days of the event. MPS will then notify the employee or dependents of the employee's rights.

Health coverage continuation must be elected within sixty (60) days after receiving notice of the end of coverage, or within sixty (60) days after the event causing the loss, whichever is later.

There are certain circumstances under which coverage will end automatically. This happens if: Premiums for continued coverage are not paid within thirty (30) days of the due date;

- The employee (or their partner or child) become covered under another group health plan which does not contain any exclusion or limitation with respect to any pre-existing condition the employee (or their partner or child, as applicable) may have;
- MPS stops providing group health benefits;
- The employee (or their partner or child) become entitled to Medicare; or
- The employee extended coverage for up to twenty-nine (29)-months due to disability and there has been a final determination that the employee is no longer disabled.

LEAVES OF ABSENCE

Family Care and Medical Leave

This policy explains how the School complies with the federal Family and Medical Leave Act ("FMLA") and the California Family Rights Act ("CFRA"), both of which require the School to permit each eligible employee to take up to twelve (12) workweeks (or twenty-six (26) workweeks where indicated) of FMLA/CFRA leave in any twelve (12) month period for the purposes enumerated below.

Employee Eligibility Criteria:

To be eligible for FMLA/CFRA leave, the employee must have been employed by the School for a total of at least twelve (12) months, worked at least 1,250 hours during the twelve (12) month period immediately preceding commencement of the leave, and work at a location where the School has at least fifty (50) employees within seventy-five (75) miles, (except for purposes of CFRA where the School must only have at least five (5) employees).

Events that may Entitle an Employee to FMLA/CFRA Leave:

The twelve (12) week (or twenty-six (26) workweeks where indicated) FMLA/CFRA allowance includes any time taken (with or without pay) for any of the following reasons:

- To care for the employee's newborn child or a child placed with the employee for adoption or foster care. Leaves for this purpose must conclude twelve (12) months after the birth, adoption, or placement. If both parents (or legal guardians) are employed by the School, they each will be entitled to a separate twelve (12) weeks of leave for this purpose, which cannot be loaned or otherwise assigned from one employee to the other.

- Because of the employee's own serious health condition (including a serious health condition resulting from an on-the-job illness or injury) that makes the employee unable to perform any one or more of the essential functions of their job (other than a disability caused by pregnancy, childbirth, or related medical conditions, which is covered by the School's separate pregnancy disability policy);

    - A "serious health condition" is an illness, injury (including, but not limited to on-the-job injuries), impairment, or physical or mental condition of the employee or a child, parent, or partner of the employee that involves either inpatient care or continuing treatment, including, but not limited to, treatment for substance abuse.

    - "Inpatient care" means a stay in a hospital, hospice, or residential health care facility, any subsequent treatment in connection with such inpatient care, or any period of incapacity. A person is considered an "inpatient" when a health care facility formally admits them to the facility with the expectation that he/she will remain at least overnight and occupy a bed, even if it later develops that such person can be discharged or transferred to another facility and does not actually remain overnight.

    - Incapacity" means the inability to work, attend school, or perform other regular daily activities due to a serious health condition, its treatment, or the recovery that it requires.

    - Continuing treatment" means ongoing medical treatment or supervision by a health care provider.

- To care for a partner, domestic partner, child, or parent with a serious health condition. A qualifying family member may also include a parent-in-law, grandparent, grandchild, sibling, or designated person for CFRA purposes. "Designated person" refers to any individual related by blood or whose association with the employee is the equivalent to a family relationship. Employees are limited to one (1) designated person per twelve (12) month period.

- When an employee is providing care to a partner, child, parent, or next of kin who is a covered Armed Forces service member with a serious injury or illness, the employee may take a maximum of twenty-six (26) weeks of additional FMLA leave in a single twelve (12) month period to provide said care. CFRA does not provide leave specific to caring for a service member.

- For any "qualifying exigency" because the employee is the partner, child, or parent of an individual on active military duty, or an individual notified of an impending call or order to active duty, in the Armed Forces. For CFRA purposes, this may also include a domestic partner.

Amount of FMLA/CFRA Leave Which May Be Taken:

- FMLA/CFRA leave can be taken in one (1) or more periods, but may not exceed twelve (12) workweeks total for any purpose in any twelve (12) month period, as described below, for any one, or combination of the above-described situations. "Twelve workweeks" means the equivalent of twelve (12) of the employee's normally scheduled workweeks. For a full-time employee who works five (5) eight-hour days per week, "twelve workweeks" means sixty (60) working and/or paid eight (8) hour days.

- In addition to the twelve (12) workweeks of FMLA/CFRA leave that may be taken, an employee who is the partner, child, parent, or next of kin of a covered Armed Forces service member may also be entitled to a total of twenty-six (26) workweeks of FMLA leave during a twelve (12) month period to care for the service member.

- The "twelve-month period" in which twelve (12) weeks of FMLA and CFRA leave may be taken is the twelve (12) month period immediately preceding the commencement of any FMLA/CFRA leave.

- If a holiday falls within a week taken as FMLA/CFRA leave, the week is nevertheless counted as a week of FMLA/CFRA leave. If, however, the School's business activity has temporarily ceased for some reason and employees are generally not expected to report for work for one or more weeks, such as the Winter Break, Spring Break, or Summer Vacation, the days the School's activities have ceased do not count against the employee's FMLA or CFRA leave entitlement. Similarly, if an employee uses FMLA/CFRA leave in increments of less than one (1) week, the fact that a holiday may occur within a week in which an employee partially takes leave does not count against the employee's leave entitlement unless the employee was otherwise scheduled and expected to work during the holiday.

Pay during FMLA/CFRA Leave:

- FMLA and CFRA leave are unpaid by MPS. An employee on FMLA/CFRA leave may use all accrued paid sick leave at the beginning of any otherwise unpaid FMLA/CFRA leave period. If an employee is receiving a partial wage replacement benefit during the FMLA/CFRA leave, the School and the employee may agree to have School-provided paid leave, such as vacation or sick time, supplement the partial wage replacement benefit unless otherwise prohibited by law.

- An employee on FMLA/CFRA leave for baby-bonding or to care for a qualifying family member with a serious health condition may use any or all accrued sick leave at the beginning of any otherwise unpaid FMLA/CFRA leave.

- Employees on leave are unpaid in "leave status." To be eligible for pay on the established "School Holidays" or "School Breaks" (see list), the employee must work the day workday before the paid day off, unless paid sick leave is used.

- If an employee has exhausted his/her sick leave, leave taken under FMLA/CFRA shall be unpaid leave. If the employee's leave coincides with a paid holiday, the employee must have returned to work prior to the start of the paid holiday to be eligible for holiday pay.

- The receipt of sick leave pay or State Disability Insurance and/or Paid Family Leave benefits will not extend the length of the FMLA or CFRA leave. Sick pay accrues during any period of unpaid FMLA or CFRA leave only until the end of the month in which unpaid leave began.

Health Benefits:

The provisions of the School's various employee benefit plans govern continuing eligibility during FMLA/CFRA leave, and these provisions may change from time to time. The health benefits of employees on FMLA/CFRA leave will be paid by the School during the leave at the same level and under the same conditions as coverage would have been provided if the employee had been continuously employed during the leave period. When a request for FMLA/CFRA leave is granted, the School will give the employee written confirmation of the arrangements made for the payment of insurance premiums during the leave period.

If an employee is required to pay premiums for any part of their group health coverage, the School will provide the employee with advance written notice of the terms and conditions under which premium payments must be made.

MPS may recover the health benefit costs paid on behalf of an employee during his/her FMLA/CFRA leave if:

- The employee fails to return from leave after the period of leave to which the employee is entitled has expired. An employee is deemed to have "failed to return from leave" if employee works less than thirty (30) days after returning from FMLA/CFRA leave; and

- The employee's failure to return from leave is for a reason other than the continuation, recurrence, or onset of a serious health condition that entitles the employee to FMLA/CFRA leave, or other circumstances beyond the control of the employee.

Seniority:

An employee on FMLA/CFRA leave remains an employee and the leave will not constitute a break in service. An employee who returns from FMLA/CFRA leave will return with the same seniority they had

when the leave commenced. An employee who was absent from work while fulfilling their covered service obligation under the Uniformed Services Employment and Reemployment Rights Act (USERRA) shall be credited, upon their return to the School, with the hours of service that would have been performed but for the period of absence from work due to or necessitated by USERRA covered service.

Medical Certifications:

- An employee requesting FMLA/CFRA leave because of their own or a relative's serious health condition must provide medical certification from the appropriate health care provider. MPS will provide a medical certification form for this purpose. Absent extenuating circumstances, failure to provide the required certification in a timely manner (within fifteen (15) days of the School's request for certification) may result in denial of the leave request until such certification is provided.

- The School will notify the employee in writing if the certification is incomplete or insufficient, and will advise the employee what additional information is necessary in order to make the certification complete and sufficient. The School may contact the employee's health care provider to authenticate a certification as needed.

- If the School has reason to doubt the medical certification supporting a leave because of the employee's own serious health condition, the School may request a second opinion by a health care provider of its choice (paid for by the School). If the second opinion differs from the first one, the School will pay for a third, mutually agreeable, health care provider to provide a final and binding opinion.

- Recertifications are required if leave is sought after expiration of the time estimated by the health care provider. Failure to submit required recertification can result in termination of the leave.

Procedures for Requesting and Scheduling FMLA/CFRA Leave:

- An employee should request FMLA/CFRA leave by completing a Request for Leave form and submitting it to the Principal (or MERF Human Resources for MERF employees). An employee asking for a Request for Leave form will be given a copy of the School's then-current FMLA/CFRA leave policy.
- Employees should provide not less than thirty (30) days' notice for foreseeable childbirth, placement, or any planned medical treatment for the employee or their qualifying family member. Failure to provide such notice is grounds for denial of a leave request, except if the need for FMLA/CFRA leave was an emergency or was otherwise unforeseeable.
- Where possible, employees must make a reasonable effort to schedule foreseeable planned medical treatments so as not to unduly disrupt the School's operations.
- If FMLA/CFRA leave is taken because of the employee's own serious health condition or the serious health condition of the employee's qualifying family member, the leave may be taken intermittently or on a reduced leave schedule when medically necessary, as determined by the health care provider of the person with the serious health condition.
- If FMLA/CFRA leave is taken because of the birth of the employee's child or the placement of a

child with the employee for adoption or foster care, the minimum duration of leave is two (2) weeks, except that the School will grant a request for FMLA/CFRA leave for this purpose of at least one day but less than two (2) weeks' duration on any two (2) occasions.

- If an employee needs intermittent leave or leave on a reduced leave schedule that is foreseeable based on planned medical treatment for the employee or a family member, the employee may be transferred temporarily to an available alternative position for which he or she is qualified that has equivalent pay and benefits and that better accommodates recurring periods of leave than the employee's regular position.
- The School will respond to an FMLA/CFRA leave request no later than five (5) business days of receiving the request. If an FMLA/CFRA leave request is granted, the School will notify the employee in writing that the leave will be counted against the employee's FMLA/CFRA leave entitlement. This notice will explain the employee's obligations and the consequences of failing to satisfy them.

Return to Work:

- Upon timely return at the expiration of the FMLA/CFRA leave period, an employee is entitled to the same or a comparable position with the same or similar duties and virtually identical pay, benefits, and other terms and conditions of employment unless the same position and any comparable position(s) have ceased to exist because of legitimate business reasons unrelated to the employee's FMLA/CFRA leave.
- When a request for FMLA/CFRA leave is granted to an employee, the School will give the employee a written guarantee of reinstatement at the termination of the leave (with the limitations explained above).
- Before an employee will be permitted to return from FMLA/CFRA leave taken because of their own serious health condition, the employee must obtain a certification from their health care provider that they are able to resume work.
- If an employee can return to work with limitations, the School will evaluate those limitations and, if possible, will accommodate the employee as required by law. If accommodation cannot be made, the employee will be medically separated from the School.

Employment during Leave:

No employee on leave, including employees on FMLA/CFRA leave, may accept employment with any other employer without the School's written permission. An employee who accepts such employment without the School's written permission will be deemed to have resigned from employment at the School.

Pregnancy Disability Leave

This policy explains how the School complies with the California Pregnancy Disability Act, which requires the School to give each female employee an unpaid leave of absence of up to four (4) months per pregnancy, as needed, for the period(s) of time a woman is actually disabled by pregnancy, childbirth, or related medical conditions.

Employee Eligibility Criteria:

To be eligible for pregnancy disability leave, the employee must be disabled by pregnancy, childbirth, or a related medical condition and must provide appropriate medical certification concerning the disability.

Events That May Entitle an Employee to Pregnancy Disability Leave:

The four (4) month pregnancy disability leave allowance includes any time taken (with or without pay) for any of the following reasons:

- The employee is unable to work at all or is unable to perform any one or more of the essential functions of their job without undue risk to themselves, the successful completion of the pregnancy, or to other persons because of pregnancy or childbirth, or because of any medically recognized physical or mental condition that is related to pregnancy or childbirth (including severe morning sickness); or
- The employee needs to take time off for prenatal care.

Duration of Pregnancy Disability Leave:

Pregnancy disability leave may be taken in one or more periods, but not to exceed four months total. "Four months" means the number of days the employee would normally work within four months. For a full-time employee who works five (5) eight (8) hour days per week, four (4) months means 693 hours of leave (40 hours per week times 17 1/3 weeks).

For employees who work more or less than forty (40) hours per week, or who work on variable work schedules, the number of working days that constitutes four (4) months is calculated on a pro rata or proportional basis. For example, for an employee who works twenty (20) hours per week, "four months" means 346.5 hours of leave entitlement (20 hours per week times 17 1/3 weeks). For an employee who normally works forty-eight (48) hours per week, "four months" means 832 hours of leave entitlement (48 hours per week times 17 1/3 weeks).

At the end or depletion of an employee's pregnancy disability leave, an employee who has a physical or mental disability (which may or may not be due to pregnancy, childbirth, or related medical conditions) may be entitled to reasonable accommodation. Entitlement to additional leave must be determined on a case-by case basis, taking into account a number of considerations such as whether an extended leave is likely to be effective in allowing the employee to return to work at the end of the leave, with or without further reasonable accommodation, and whether or not additional leave would create an undue hardship for the School. The School is not required to provide an indefinite leave of absence as a reasonable accommodation.

Pay During Pregnancy Disability Leave:

- Pregnancy disability leave is unpaid by MPS. Employees on pregnancy disability leave may use all accrued paid sick leave or vacation time at the beginning of any otherwise unpaid leave period. An employee on pregnancy disability leave is expected to apply for State Disability Insurance (SDI) at the beginning of their absence to maximize their pay during their leave. SDI requires a 7 day waiting period during which the employee may use paid sick leave if available. Use of vacation

or Paid Time Off is optional at the discretion of the employee. No combination of benefits or pay may result in the employee receiving more than 100% of their pay.

- The receipt of pay during leave does not extend the length of pregnancy disability leave as it is only a form of wage replacement benefits, not a form of leave time off.
- Vacation and sick pay accrues during any period of unpaid pregnancy disability leave only until the end of the month in which the unpaid leave began.
- Employees in "inactive" or "leave status" during any portion of a paid break are not eligible for holiday pay. To be eligible for pay on the established "School Holidays" or "School Breaks" (see list), the employee must be medically cleared and return to work by no later than the workday before the paid day off. Use of paid sick leave will not count against the employee if the employee is medically cleared from inactive/leave status and otherwise intending to return to work.

Health Benefits:

MPS shall provide continued health insurance coverage while an employee is on pregnancy disability leave consistent with applicable law. The continuation of health benefits is for a maximum of four (4) months in a twelve (12)-month period. MPS can recover premiums that it already paid on behalf of an employee if both of the following conditions are met:

- The employee fails to return from leave after the designated leave period expires.

- The employee's failure to return from leave is for a reason other than the following:
  - The employee is taking leave under the California Family Rights Act.
  - There is a continuation, recurrence or onset of a health condition that entitles the employee to pregnancy disability leave.
  - There is a non-pregnancy related medical condition requiring further leave.
  - Any other circumstance beyond the control of the employee.

Seniority:

Employees on pregnancy disability leave remain an employee of the School and a leave will not constitute a break in service. When employees return from pregnancy disability leave, they will return with the same seniority they had when the leave commenced.

Medical Certifications:

- An employee requesting a pregnancy disability leave must provide medical certification from their healthcare provider on a form supplied by the School. Failure to provide the required certification in a timely manner (within fifteen (15) days of the leave request) may result in a denial of the leave request until such certification is provided.
- Recertifications are required if leave is sought after expiration of the time estimated by the healthcare provider. Failure to submit required recertifications can result in termination of the leave.

Requesting and Scheduling Pregnancy Disability Leave:

- An employee should request pregnancy disability leave by completing a Request for Leave form and submitting it to the Principal (and MERF P&C Department for MERF employees). An employee asking for a Request for Leave form will be referred to the School's then current pregnancy disability leave policy.
- Employees should provide not less than thirty (30) days' notice or as soon as is practicable, if the need for the leave is foreseeable. Failure to provide such notice is grounds for denial of the leave request, except if the need for pregnancy disability leave was an emergency and was otherwise unforeseeable.
- Where possible, employees must make a reasonable effort to schedule foreseeable planned medical treatments so as not to unduly disrupt the School's operations.
- Pregnancy disability leave may be taken intermittently or on a reduced leave schedule when medically advisable, as determined by the employee's healthcare provider.
- If an employee needs intermittent leave or leave on a reduced leave schedule that is foreseeable based on planned medical treatment, the employee may be transferred temporarily to an available alternative position for which they are qualified that has equivalent pay and benefits that better accommodates recurring periods of leave than the employee's regular position.
- The School will respond to a pregnancy disability leave request within ten (10) days of receiving the request. If a pregnancy disability leave request is granted, the School will notify the employee in writing and leave will be counted against the employee's pregnancy disability leave entitlement. This notice will explain the employee's obligations and the consequences of failing to satisfy them.

<u>Return to Work:</u>

- Upon timely return at the expiration of the pregnancy disability leave period, an employee is entitled to the same position unless the employee would not otherwise have been employed in the same position at the time reinstatement is requested. If the employee is not reinstated to the same position, they must be reinstated to a comparable position unless one of the following is applicable:

    - The employer would not have offered a comparable position to the employee if they would have been continuously at work during the pregnancy disability leave.

    - There is no comparable position available, to which the employee is either qualified or entitled, on the employee's scheduled date of reinstatement or within sixty (60) calendar days thereafter. The School will take reasonable steps to provide notice to the employee if and when comparable positions become available during the sixty (60) day period.

      A "comparable" position is a position that involves the same or similar duties and responsibilities and is virtually identical to the employee's original position in terms of pay, benefits, and working conditions.

- When a request for pregnancy disability leave is granted to an employee, the School will give the employee a written guarantee of reinstatement at the end of the leave (with the limitations explained above)

- In accordance with MPS policy, before an employee will be permitted to return from a pregnancy disability leave of five (5) days or more, the employee must obtain a certification from the healthcare provider that the employee is able to resume work.
- If the employee can return to work with limitations, the School will evaluate those limitations and, if possible, will accommodate the employee as required by law. If accommodation cannot be made, the employee will be medically separated from the School.

Employment during Leave:

No employee, including employees on pregnancy disability leave, may accept or perform new employment for another employer without the School's written permission. An employee who accepts or performs such employment without written permission will be deemed to have resigned from employment.

Unpaid Leave of Absence

MPS recognizes that special situations may arise where an employee must leave their job temporarily. At its discretion, the School may grant employees leaves of absence. Any unpaid leave of absence must be approved in advance by the School.

The granting of a leave of absence always presumes the employee will return to active work by a designated date or within a specific period.

During a Family and Medical Leave Act, California Family Rights Act leave, and/or Pregnancy Disability Leave, the employee's medical and dental benefits will remain in force, provided the employee pays the appropriate premiums. Otherwise, benefits are terminated the month any other type of leave begins. If an employee fails to return from a leave and is subsequently terminated, the employee is entitled to all earned but unused vacation pay, provided that the vacation pay was earned prior to the commencement of leave. No vacation time is accrued during any type of unpaid leave of absence.

Funeral/Bereavement Leave

All MPS employees excluding temporary/seasonal employees will be allowed up to **five (5)** paid working days off within three (3) months of the bereavement event to arrange and attend the funeral of an immediate family member. For purposes of this policy, an employee's immediate family member includes a parent, spouse/registered domestic partner, children, siblings, parents-in-law, grandparents (and grandparents-in-law), grandchild, sister/brother-in-law, and son/daughter-in-law. "In-laws" includes families of registered domestic partners. All other employees who have worked for at least thirty (30) days, such as seasonal and temporary employees, are entitled to up to five (5) days of unpaid bereavement leave within three (3) months of the bereavement event for the death of an immediate family member. Employees should contact the Principal or the P&C department to request bereavement leave. All bereavement requests should be in writing to the Principal and P&C department.

If any employee requires more than **five (5)** days off for bereavement leave, the employee may request to use accrued sick days, request additional unpaid leave or may request the opportunity to use any accrued vacation time, which may be granted at the discretion of the School. Bereavement pay will not

be used in computing overtime pay.

Reproductive Loss Leave

MPS recognizes that employees who experience reproductive loss may need time away from work. All employees who have worked for the School for at least thirty (30) days shall be eligible for up to five (5) days of reproductive loss leave per occurrence, and up to twenty (20) days per year. A reproductive loss event includes any failed adoption, failed surrogacy, miscarriage, stillbirth, or unsuccessful assisted reproduction. Leave is available to the "intended parent" or person who would have been a legal parent if the pregnancy, adoption, or surrogacy had been successful. It is not available to anyone who would not have been a legal parent of the child, including non-parent members of the family. While the leave is unpaid, employees may use accrued paid leave during their time off, and their job will be protected during their absence. Reproductive loss leave expires if unused three (3) months after the event.

Military and Military Spousal Leave of Absence

MPS shall grant a military leave of absence to any employee who must be absent from work due to service in the uniformed services in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA"). All employees requesting military leave must provide advance written notice of the need for such leave, unless prevented from doing so by military necessity or if providing notice would be impossible or unreasonable.

If military leave is for thirty (30) or fewer days, the School shall continue the employee's health benefits. For service of more than thirty (30) days, employees shall be permitted to continue their health benefits at their option through COBRA. Employees are entitled to use accrued vacation or paid time off as wage replacement during time served, provided such vacation/paid time off accrued prior to the leave.

Except for employees serving in the National Guard, MPS will reinstate those employees returning from military leave to their same position or one of comparable seniority, status, and pay if they have a certificate of satisfactory completion of service and apply within ninety (90) days after release from active duty or within such extended period, if any, as required by law. For those employees serving in the National Guard, if he or she left a full-time position, the employee must apply for reemployment within forty (40) days of being released from active duty, and if he or she left part-time employment, the employee must apply for reemployment within five (5) days of being released from active duty.

An employee who was absent from work while fulfilling his or her covered service obligation under the USERRA or California law shall be credited, upon his or her return to the School, with the hours of service that would have been performed but for the period of absence from work due to or necessitated by USERRA-covered service.

Exceptions to this policy will occur wherever necessary to comply with applicable laws.

MPS shall grant up to ten (10) days of unpaid leave to employees who work more than twenty (20) hours per week and who are spouses of deployed military servicemen and servicewomen. The leave may be taken when the military spouse is on leave from deployment during a time of military conflict. To be eligible for leave, an employee must provide the School with (1) notice of intention to take military

partner leave within two (2) business days of receiving official notice that the employee's military partner will be on leave from deployment, and (2) documentation certifying that the employee's military partner will be on leave from deployment during the time that the employee requests leave.

Advance notice of leave is required. Please inform **the Principal (or MERF P&C Department for MERF employees)** of anticipated military leave time as far in advance as possible. Accrued vacation will be paid during military leave at the employees request and health plan coverage continuance can be arranged for up to twenty- four (24) months during military leave if required premium payments are made by the employee. As with other leaves of absence, failure to return to work or to reapply within applicable time limits may result in termination of employment.

Drug and Alcohol Rehabilitation Leave

The School will reasonably accommodate an employee who voluntarily enters and participates in an alcohol or drug rehabilitation program, including potentially providing unpaid leave to participate in the program. The School will not pay for the costs incurred in attending a rehabilitation program. An employee who wishes to identify themselves as an individual in need of the assistance of an alcohol or drug rehabilitation program may contact **MERF P&C Department.** The School will take all reasonable steps necessary to maintain the employee's privacy in this situation. The employee may use accrued sick leave or accrued vacation time, if any, during requested leave.

Nothing in this policy shall prohibit the School from refusing to hire or discharge an employee who, because of their current use of alcohol or drugs, is unable to perform their duties or cannot perform the duties in a manner that would not endanger their health or safety or the health or safety of others.

Time Off for Adult Literacy Programs

The School will reasonably accommodate and assist any employee who reveals a problem of illiteracy and requests employer assistance in enrolling in an adult literacy education program. Employees will be required to bear the cost associated with enrollment in an adult literacy education program, but the School will assist the employee by providing the locations of local literacy education programs. The School may also arrange for a literacy education provider to visit the School.

An employee who wishes to reveal a problem of illiteracy and request School assistance should contact **MERF P&C Department**. The School will take all reasonable steps to safeguard the employee's privacy. Nonexempt employees may use accrued vacation pay if available to make up for the work that is missed to attend literacy classes.

School Appearance and Activities Leave

As required by law, MPS will permit an employee who is a parent or guardian (including a stepparent, foster parent, or grandparent) of school children, from kindergarten through grade twelve (12), or a child enrolled with a licensed child care provider or enrolled in any postsecondary or college-level institution, up to forty (40) hours of unpaid time off per child per school year (up to eight (8) hours in any calendar month of the school year) to participate in activities of a child's school or child care. If more than one (1) parent or guardian is an employee of MPS, the employee that first provides the leave

request will be given the requested time off. Where necessary, additional time off will also be permitted where the school requires the employee(s) appearance.

The employee requesting school leave must provide reasonable advanced notice of the planned absence. The employee must use accrued but unused paid leave (e.g., vacation or sick leave) to be paid during the absence.

When requesting time off for school activities, the employee must provide verification of participation in an activity as soon as practicable. When requesting time off for a required appearance, the employee(s) must provide a copy of the notice from the child's school requesting the presence of the employee.

Time Off to Serve as Election Official

Any employee who serves as an election official is eligible for unpaid leave on election day for purposes of service. Employees must notify **the Principal (or MERF P&C Department for MERF employees)** of their commitment to act as an election official as far in advance as possible.

Time Off for Jury and Witness Duty

The School will provide employees unpaid leave to serve as required by law, on a jury or grand jury if the employee provides reasonable advance notice. The School will also provide employees unpaid leave to appear in court or other judicial proceedings as a witness, as permitted by law, to comply with a valid subpoena or other court order. The employee must notify **the Principal (or MERF P&C Department for MERF employees)** of their commitment to serve on a jury or as a witness as far in advance as possible.

Victims of Abuse Leave

MPS provides reasonable and necessary unpaid leave and other reasonable accommodations to employees who are victims of domestic violence, sexual assault, stalking or other crimes. Such leave may be taken to attend legal proceedings or to obtain or attempt to obtain any relief necessary, including a restraining order, to ensure the employee's own health, safety or welfare, or that of the employee's child or children or when a person whose immediate family member is deceased as the direct result of a crime. A crime includes a crime or public offense that would constitute a misdemeanor or felony if the crime had been committed in California by a competent adult, an act of terrorism against a resident of California (whether or not such act occurs within the state), and regardless of whether any person is arrested for, prosecuted for, or convicted of, committing the crime. Employees may also request unpaid leave for the following purposes:

- Seek medical attention for injuries caused by domestic violence, sexual assault, or stalking.
- Obtain services from a domestic violence shelter, program, or rape crisis center.
- Obtain psychological counseling for the domestic violence, sexual assault, or stalking.
- Participate in safety planning, such as relocation, to protect against future domestic violence, sexual assault, or stalking.

To request leave under this policy, an employee should provide MPS with as much advance notice as

practicable under the circumstances. If advance notice is not possible, the employee requesting leave under this policy should provide MERF P&C Department one (1) of the following certifications upon returning back to work:

1. A police report indicating that the employee was a victim of domestic violence, sexual assault, or stalking.
2. A court order protecting the employee from the perpetrator or other evidence from the court or prosecuting attorney that the employee appeared in court.
3. Documentation from a licensed medical professional, domestic violence or sexual assault counselor, licensed health care provider, or counselor showing that the employee's absence was due to treatment for injuries or abuse from domestic violence, sexual assault, or stalking.
4. Any other form of documentation that reasonably verifies that the crime or abuse occurred, including but not limited to, a written statement signed by the employee, or an individual acting on the employee's behalf, certifying that the absence is for a purpose authorized under the law.

Employees requesting leave under this policy may choose to use accrued paid leave. In addition, MPS will provide reasonable accommodations to employees who are victims of domestic violence, sexual assault or stalking for the employees' safety while at work. To request accommodation under this policy, an employee should contact **MERF Human Resources**.

Time Off for Volunteer Firefighters

Employees who perform emergency duties as volunteer firefighters, reserve peace officers or emergency rescue personnel will be given reasonable time off from work in accordance with the law. Employees are requested to alert **the Principal (or MERF P&C Department for MERF employees)** of their status as volunteer firefighters, reserve peace officers or emergency rescue personnel so that the School will have advanced notice of the employee's potential need to leave the School in the event of an emergency. Any time an employee must perform emergency duties, he/she must notify **the Principal (or MERF P&C Department for MERF employees)** before leaving the School's premises.

Time Off for Voting

Employees who do not have sufficient time outside of their regular working hours to vote in a statewide election may request time off to vote. If possible, employees should make their request at least two days in advance of the election. Up to two (2) hours of paid time off will be provided, at the beginning or the end of the employee's regular shift, whichever will allow the most free time for voting and the least time off work. Please contact **the Principal (or MERF P&C Department for MERF employees)** to request and schedule time off to vote.

Industrial Injury Leave (Workers' Compensation)

MPS, in accordance with State law, provides insurance coverage for employees in case of work-related injuries. The workers' compensation benefits provided to injured employees may include:

- Medical care;
- Cash benefits, tax-free to replace lost wages; and

- Vocational rehabilitation to help qualified injured employees return to suitable employment.

To ensure the employee receives any worker's compensation benefits to which they may be entitled, employees will need to:

- Immediately report any work-related injury to the Principal;
- Seek medical treatment and follow-up care if required;
- Complete a written Employee's Claim Form (DWC Form 1) and return it to the Principal; and
- Provide the School with a certification from a health care provider regarding the need for workers' compensation disability leave as well as the employee's eventual ability to return to work from the leave.

It is the School's policy that when there is a job-related injury, the first priority is to ensure that the injured employee receives appropriate medical attention. MPS, with the help of its insurance carrier, has selected medical centers to meet this need. Each medical center was selected for its ability to meet anticipated needs with high quality medical service and a location that is convenient to the School's operation.

- If an employee is injured on the job, they will go or be taken to the approved medical center for treatment. If injuries are such that they require the use of emergency medical systems ("EMS") such as an ambulance, the choice by the EMS personnel for the most appropriate medical center or hospital for treatment will be recognized as an approved center.
- All accidents and injuries must be reported to the Principal and to the individual responsible for reporting to the School's insurance carrier. Failure by an employee to report a work-related injury by the end of their could result in loss of insurance coverage for the employee. An employee may choose to be treated by their personal physician at their own expense, but they are still required to go to the School's approved medical center for evaluation. All job related injuries must be reported to the appropriate State Workers' Compensation Bureau and the insurance carrier.
- When there is a job-related injury that results in lost time, the employee must have a medical release from the School's approved medical facility before returning to work.
- Any time there is a job-related injury, the School's policy requires drug/alcohol testing along with any medical treatment provided to the employee.

Bone Marrow and Organ Donor Leave

As required by law, eligible employees who require time off to donate bone marrow to another person may receive up to five (5) workdays off in a 12-month period. Eligible employees who require time off to donate an organ to another person may receive up to sixty (60) workdays off in a twelve (12) month period.

To be eligible for bone marrow or organ donation leave ("Donor Leave"), the employee must have been employed by the School for at least ninety (90) days immediately preceding the Donor Leave.

An employee requesting Donor Leave must provide written verification to the School that they are a donor and that there is a medical necessity for the donation of the organ or bone marrow.

Up to five (5) days of leave for bone marrow donation, and up to thirty (30) days of leave for organ donation, may be paid provided the employee first uses five (5) days of accrued paid leave for bone marrow donation and two (2) weeks of accrued paid leave for organ donation. If the employee has an insufficient number of paid leave days available, the leave will otherwise be paid.

Employees returning from Donor Leave will be reinstated to the position held before the leave began, or to a position with equivalent status, benefits, pay and other terms and conditions of employment. The School may refuse to reinstate an employee if the reason is unrelated to taking a Donor Leave. A Donor Leave is not permitted to be taken concurrently with an FMLA/CFRA Leave.

Returning from Leave of Absence

Employees cannot return from a medical leave of absence without first providing a sufficient doctor's return to work authorization.

When business considerations require, the job of an employee on leave may be filled by a temporary or regular replacement. An employee should give **the Principal (or MERF P&C Department for MERF employees)** thirty (30) days' notice before returning from leave. Whenever the School is notified of an employee's intent to return from a leave, the School will attempt to place the employee in their former position or in a comparable position with regard to salary and other terms and conditions for which the employee is qualified. However, re employment cannot always be guaranteed. If employees need further information regarding Leaves of Absence, they should consult the MERF **P&C Department.**

RETIREMENT

Certificated Staff Members

All certificated staff members who are eligible, including, but not limited to, administrators, counselors, school psychologists, special education program administrators, and teaching employees will participate in the State Teachers' Retirement System (STRS).

Classified Staff Members

All full-time non-certificated staff members, including, but not limited to, office staff and instructional aides, are eligible to participate in the Public Employees' Retirement System (PERS).

All part-time non-certificated employees hired to work six months or more become eligible to participate in PERS on the date of hire. For part-time employees, they become PERS members the first day of the next pay period after completion of 1,000 hours or 125 days in a fiscal year.

All non-credentialed employees also contribute to Social Security.

MPS Home Office Staff Members

Full-time Home Office staff members may be eligible to participate in the Public Employees' Retirement System (PERS), the State Teachers' Retirement System (STRS) or 403(b) Retirement Plan.

Oversight of Benefits

The P&C Department and the Finance Department at the MPS Home Office are responsible for monitoring the appropriate administration of benefits and ensuring appropriate arrangements for retirement coverage are made for all employees. MERF will make any contribution that is legally required of the employer, including STRS, PERS, Social Security, workers' compensation, and other payroll obligations.

All withholdings from employees and the MERF will be forwarded to the STRS and PERS funds as required. Employees will accumulate service credit years in the same manner as all other members of STRS and PERS. MERF will submit all retirement data and will comply with all policies and procedures for payroll reporting. MERF assures that it will provide retirement information in a format required by the Counties.

EMPLOYMENT EVALUATION AND SEPARATION

Employee Reviews and Evaluations

Each employee will receive periodic performance reviews conducted by their **direct supervisor.** MERF may utilize a secure online staff evaluation platform to evaluate staff performances. Performance evaluations will be conducted annually. The frequency of performance evaluations may vary depending upon length of service, job position, past performance, changes in job duties or recurring performance problems.

Performance evaluations may review factors such as the quality and quantity of the work performed, knowledge of the job, initiative, work attitude, and attitude toward others. The performance evaluations are intended to make employees aware of their progress, areas for improvement and objectives or goals for future work performance.
Favorable performance evaluations do not guarantee increases in salary or promotions or job retention. Salary increases and promotions are solely within the discretion of the School and depend upon many factors in addition to performance. After the review, employees will be required to sign the evaluation report simply to acknowledge that it has been presented to them, that the employee discussed it with their **direct supervisor**, and that they are aware of its contents. Employees may also acknowledge receipt of performance evaluations through the online platform provided by MERF. The evaluation system or any failure to evaluate an employee in no way alters the at-will employment relationship.

Newly hired employees may have their performance goals reviewed by **their direct supervisor** within the first **ninety** (**90)** days of employment.

Discipline and Involuntary Termination

Violation of the School's policies and rules may warrant disciplinary action, which may take multiple forms, including verbal warnings, written warnings, suspensions and/or termination. The School's disciplinary system is informal and the School may, in its sole discretion, utilize any form of discipline it deems appropriate under the circumstances, up to and including termination of employment upon the first offense.

The disciplinary process will be determined by the School in light of the facts and circumstances of each case. Each situation will be considered in light of a variety of factors including, but not limited to, the seriousness of the situation, the employee's past conduct and length of service, and the nature of the employee's previous performance or incidents involving the employee. These policies apply to all employees of the School and apply to all job-related activities of such employees.

Violations of the Employee Handbook, employment agreement, MPS charter, or applicable law are all independently and collectively considered misconduct and will result in disciplinary action up to and including release from at-will employment.

Voluntary Termination

Except if stated expressly otherwise by employment contract, either the employee or the School may terminate the at-will employment relationship at any time, with or without notice and with or without cause. While it is not required, the School requests that at-will employees electing to resign give as much advance notice as possible (preferably two weeks) to allow the School to plan for your departure.

An exit interview may be scheduled by **your direct supervisor or the P&C Department**. The purposes of the exit interview is to review eligibility for benefit conversion, to ensure that all necessary forms are completed, to collect any School property (including keys, equipment, documents and records) that may be in the employee's possession, to review the employee's obligations regarding confidential information, and to provide the employee with the opportunity to make any constructive comments and suggestions on improving the working environment at the School. The School appreciates receiving candid opinions of the employee's employment.

Pay at Time of Separation

Employees separated from employment will be paid for time worked according to applicable laws. For full-time employees who are employed for less than a full pay period in their last month, salary payments are computed on the basis of actual working days in the month. For this purpose, working days are considered to be forty (40) hours Monday through Friday unless otherwise specified.

The School will buy back up to forty (40) hours of unused sick leave days from employees at the rate of $250 per day. The School will not buy back any paid sick leave from new or continuing employees who fail to work for the School for ninety
(90) days of the new work year. Additionally, employees who are terminated based on misconduct or unprofessionalism, or who resign under suspicion of misconduct or unprofessionalism, are not eligible to

have paid sick leave paid to them upon their separation from employment. The School does not buy back sick leave from temporary or seasonal employees, such as summer school employees.

Pay for earned but unused vacation time will be provided to full-time employees at time of separation at the employee's current rate of pay.

Final pay, including pay for any earned but unused sick leave days and vacation time, and if applicable, pay for summer holdback for full-time teaching staff, will be provided in accordance with applicable law. Only employees who are not terminated for misconduct or other related conduct are eligible to be paid for sick leave under the policy.

Employment References/Verifications

All requests for references and employment verifications must be promptly directed to the employee's **direct supervisor and/or the P&C Department**. When contacted for an employment verification, the School will provide information concerning dates of employment, the title of the last position held and length of service. MPS will promptly report to the CTC whenever a credentialed employee is found to have committed egregious misconduct as defined by law. When contacted by a prospective educational employer, MPS will disclose any findings of egregious misconduct that were reported to the CTC and provide all relevant information upon request. All certificated applicants must provide a list of their prior educational employers, and MPS will contact those employers to inquire about any reportable misconduct. Failure by any applicant for any position to successfully complete the pre-hire process, including providing accurate employment history or authorizations, or other dishonesty or lack of transparency during the hiring process, may result in the withdrawal of a job offer or termination of employment. Other employees may not provide any employment verifications or provide a professional reference on behalf of the School for another employee. MPS strongly advises supervisors not to provide letters of recommendation on MPS letterhead.

INTERNAL COMPLAINT REVIEW & OPEN DOOR

Open Door Policy

The School wishes to provide the most positive and productive work environment possible. To that end, it has an open door policy where it welcomes employee questions, suggestions or complaints relating to work, conditions of employment, the School or the treatment of employees. Other than in situations involving harassment (as outlined and described above), the employee must contact **the Principal (or MERF P&C Department for MERF employees)** with questions or concerns. If the situation is not satisfactorily resolved, the employee should contact **MERF P&C Department**, preferably in writing, who may further review the issue.

Internal Complaint Review

The purpose of the "Internal Complaint Review Policy" is to afford all employees of the School the opportunity to seek internal resolution of their work-related concerns. All employees have free access to **the CEO** or **Board of Directors** to express their work-related concerns.

Specific complaints of unlawful harassment, discrimination, and retaliation are addressed under the School's "Policy Prohibiting Unlawful Harassment, Discrimination, and Retaliation."

Internal Complaints:
(Complaints by Employees against Employees)

This section of the policy is for use when a School employee raises a complaint or concern about a coworker.

If reasonably possible, internal complaints should be resolved at the lowest possible level, including attempts to discuss/resolve concerns with the employee's **direct supervisor**. However, in the event an informal resolution may not be achieved or is not appropriate, the following steps will be followed by **the Principal (or the Chief People Officer (or designee) for MERF employees):**

- If the complaint is about the CEO, the complainant may file his or her complaint in a signed writing to **the** Chief People Officer and **President of the School's Board of Directors**, who will then confer with the Board and may conduct a fact-finding or authorize a third-party investigator on behalf of the Board. **The Board President or investigator** will report their findings to the Board for review and action, if necessary.

Policy for Complaints Against Employees:
(Complaints by Third Parties against Employees)

This section of the policy is for use when a non-employee raises a complaint or concern about a School employee.

If complaints cannot be resolved informally, complainants may file a written complaint with the office of **the Principal or the** Chief People Officer (if the complaint concerns the Principal and/or Home Office employees) or **the Board President** (if the complaint concerns the CEO) as soon as possible after the events that give rise to the complainant's concerns. The written complaint should set forth in detail the factual basis for the complaint.

In processing the complaint, **the Principal (or the Chief People Officer, Board President, or designee)** shall abide by the following process:

- The person charged with handling the complaint shall use their best efforts to talk with the parties identified in the complaint and to ascertain the facts relating to the complaint.
- In the event that the investigator finds that a complaint against an employee is valid, the matter may be referred to the employee's supervisor for appropriate disciplinary action, if the supervisor determines it is appropriate.
- The decision of the person charged with handling the complaint shall be final.

General Requirements:

- Confidentiality: All complainants will be notified that information obtained from the

complainants and thereafter gathered will be maintained in a manner as confidential as possible, but in some circumstances absolute confidentiality cannot be assured.

- Non-Retaliation: All complainants will be advised that they will be protected against retaliation as a result of the filing of any complaints or participation in any complaint process.
- Resolution: The Board (if a complaint is about the CEO) or the Chief People Officer (if a complaint is about the Principal or MERF employees) or the Principal or designee will investigate complaints appropriately under the circumstances and pursuant to the applicable procedures, and if necessary, take appropriate remedial measures to ensure effective resolution of any complaint.

AMENDMENT TO EMPLOYEE HANDBOOK

This Employee Handbook contains the employment policies and practices of the School in effect at the time of publication.

MPS reserves the right to amend, delete or otherwise modify this Handbook at any time provided that such modifications are in writing and duly approved by the employer. Any modification replaces any pre-existing policies and Handbooks to the extent they are in conflict.

Any written changes to the Handbook will be distributed to all employees. No oral statements can in any way alter the provisions of this Handbook.

APPENDIX A
HARASSMENT/DISCRIMINATION/RETALIATION COMPLAINT FORM

It is the policy of the School that all of its employees be free from harassment, discrimination, and retaliation. This form is provided for you to report what you believe to be harassment, discrimination, or retaliation so that the School may investigate and take appropriate disciplinary or ***other action when the facts show that there has been harassment, discrimination, or retaliation.***
If you are an employee of the School, you may file this form with the Chief People Officer, Principal, MERF Human Resources, or Board President.
Please review the School's policies concerning harassment, discrimination, and retaliation for a definition of such unlawful conduct and a description of the types of conduct that are considered unlawful.
MPS will undertake every effort to handle the investigation of your complaint in a confidential manner. In that regard, the School will disclose the contents of your complaint only to those persons having a need to know. For example, to conduct its investigation, the School will need to disclose portions of your factual allegations to potential witnesses, including anyone you have identified as having knowledge of the facts on which you are basing your complaint, as well as the alleged offender.
In signing this form below, you authorize the School to disclose to others the information you have provided herein, and information you may provide in the future. Please note that the more detailed information you provide, the more likely it is that the School will be able to address your complaint to your satisfaction.
Charges of harassment, discrimination, and retaliation are taken very seriously by the School both because of the harm caused by such unlawful conduct, and because of the potential sanctions that may be taken against the offender. It is therefore very important that you report the facts as accurately and completely as possible and that you cooperate fully with the person or persons designated to investigate your complaint.

Your Name: _____ Date: _____

Date of Alleged Incident(s): _____

Name of Person(s) you believe harassed, or discriminated or retaliated against, you or someone else:

_____

_____

_____

List any witnesses that were present:

_____

Where did the incident(s) occur?

_____

Please describe the events or conduct that are the basis of your complaint by providing as much factual detail as possible (i.e. specific statements; what, if any, physical contact was involved; any verbal statements; what did you do to avoid the situation, etc.) (Attach additional pages, if needed):

_____

_____

_____

_____

_____

I acknowledge that I have read and that I understand the above statements. I hereby authorize the School to disclose the information I have provided as it finds necessary in pursuing its investigation.

I hereby certify that the information I have provided in this complaint is true and correct and complete to the best of my knowledge and belief.

_____ Date: _____

Signature of Complainant

Print Name

Received by: _____ Date: _____

APPENDIX B
INTERNAL COMPLAINT FORM

Your Name: _____

Date: _____

Date of Alleged Incident(s):

_____

Name of Person(s) you have a complaint:

_____

List any witnesses that were present: _____

Where did the incident(s) occur?

Please describe the events or conduct that are the basis of your complaint by providing as much factual detail as possible (i.e. specific statements; what, if any, physical contact was involved; any verbal statements; what did you do to avoid the situation, etc.) (Attach additional pages, if needed):

_____
_____
_____
_____
_____
_____

I hereby authorize the School to disclose the information I have provided as it finds necessary in pursuing its investigation. I hereby certify that the information I have provided in this complaint is true and correct and complete to the best of my knowledge and belief. I further understand providing false information in this regard could result in disciplinary action up to and including termination.

_____ Date: _____
Signature of Complainant

Print Name

To be completed by School:

Received by: _____ Date: _____

Coversheet

Approval of California School Finance Authority (CSFA) Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group – Issue No. 3), Series 2026C and Series 2026D (Taxable), and Adoption of Related Bond Resolutions (Magnolia Science Academy-1 and Magnolia Science Academy-2 Projects)

Section: V. Action Items
Item: A. Approval of California School Finance Authority (CSFA) Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group – Issue No. 3), Series 2026C and Series 2026D (Taxable), and Adoption of Related Bond Resolutions (Magnolia Science Academy-1 and Magnolia Science Academy-2 Projects)
Purpose: Vote
Submitted by:
Related Material:
V.A California School Finance Authority Charter School Revenue Bonds.pdf

Agenda Item:	V.A Action Item
Date:	October 8, 2026
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools (“MPS”) Board of Directors (the “Board”)
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead(s):	Cafer Turan, Interim Chief Financial Officer
RE:	Approval of California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group – Issue No. 3), Series 2026C and Series 2026D (Taxable) and Adoption of Related Bond Resolutions (MSA-1 and MSA-2 Projects)

Action Proposed

Staff recommends that the Board approve the issuance by the California School Finance Authority ("CSFA") of its Charter School Revenue Bonds (Magnolia Public Schools - Obligated Group - Issue No. 3), Series 2026C and Series 2026D (Taxable) (collectively, the "Series 2026CD Bonds"), in an aggregate principal amount not to exceed $22,500,000; authorize Magnolia Educational & Research Foundation ("MERF"), Magnolia Properties Management, Inc. ("MPM"), and the applicable affiliated property entities to enter into and perform the related financing documents; and adopt the related resolutions approving the transactions to refinance the applicable existing facility obligations.

Purpose

To authorize the issuance of tax-exempt and taxable charter school revenue bonds through CSFA to refinance existing facility financing associated with Magnolia Science Academy-1 (“MSA-1”) and Magnolia Science Academy-2 (“MSA-2”), approve the associated loan, security, credit enhancement and related arrangements, and authorize execution of all related documents in accordance with the Board resolutions.

Background

MERF and Magnolia Properties Management, Inc. (“MPM”) have been evaluating long-term financing options for existing facility obligations associated with MSA-1 and MSA-2. The proposed transaction would refinance approximately $7.84 million of existing CLI financing associated with MSA-1 and approximately $11.61 million associated with MSA-2, for a combined amount of approximately $19.45 million, subject to final payoff amounts, financing costs and market conditions.

As detailed in the financing documents, CSFA will make a loan to MPM funded from proceeds of the Series 2026CD Bonds. Bond proceeds are expected to be used to refinance the applicable existing facility obligations, pay permitted costs of issuance and fund applicable reserves or other financing requirements.

Analysis

- The Board is authorizing the issuance of CSFA Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group – Issue No. 3), Series 2026C and Series 2026D (Taxable), subject to the not-to-exceed parameters, delegated authority and other terms contained in the final Board resolutions.
- The financing is expected to refinance existing CLI facility obligations associated with MSA-1 and MSA-2. Final bond sizing will reflect current payoff amounts, costs of issuance, reserves and final market conditions.
- The Series 2026CD Bonds will be issued under the existing Master Indenture structure and secured through Obligation No. 3 and the related loan, lease, security and revenue arrangements described in the financing documents.
- The transaction may include participation in CSFA’s Charter School Facilities Credit Enhancement Grant Program, subject to final approval and transaction structure.

- Adoption of the resolutions will authorize designated officers to execute and deliver the financing documents, disclosure documents, tax certificates, credit enhancement agreements and related instruments necessary to complete the transaction.

Impact

- Refinances existing facility obligations with long-term bond financing, subject to final pricing and market conditions.
- Supports MPS's long-term facilities and financial sustainability strategy for MSA-1 and MSA-2.
- Provides greater long-term predictability of facility debt service and financing terms.

Budget Implications

- The preliminary financing assumes approximately $20.13 million of bond par to refinance approximately $19.45 million of existing facility obligations, with preliminary combined annual debt service of approximately $1.47 million after the initial partial year. Final rates, par amount, debt service and cash-flow impact will be determined at pricing based on market conditions and the final financing structure.
- Exhibit A provides a one-page financing executive summary. The remaining exhibits include the Board resolutions, disclosure and legal financing documents, financing schedule, Sources & Uses, debt service and projected lease payment information. All preliminary terms remain subject to final pricing, legal review and closing.

Exhibits

Exhibit A - Financing Executive Summary - Series 2026C/D Bond Financing

Exhibit B - MERF Board Resolution - Approval of Series 2026C/D Bond Financing

Exhibit C - Magnolia Properties Management, Inc. Board Resolution - Approval of Series 2026C/D Bond Financing

Exhibit D - Preliminary Limited Offering Memorandum (PLOM)

Exhibit E - Supplemental Master Indenture for Obligation No. 3

Exhibit F - Indenture - CSFA Charter School Revenue Bonds, Series 2026C and Series 2026D (Taxable)

Exhibit G - Bond Purchase Agreement - Series 2026C and Series 2026D (Taxable)

Exhibit H - Appendix A to Preliminary Limited Offering Memorandum

Exhibit I - Loan Agreement - CSFA / Magnolia Properties Management, Inc.

Exhibit J - MSA-1 / Sherman Way Lease Agreement - 18120 Sherman Way

Exhibit K - MSA-2 Lease Agreement - 16600 Vanowen Street / 16631 Archwood Street

Exhibit L - Preliminary Financing Schedule (9/30/26)

Exhibit M - Preliminary Sources & Uses, Cost of Issuance and Debt Service (9/30/26)

Exhibit N - Projected Lease Payments / Existing vs. Proposed Financing Comparison

EXHIBIT A

MPS Series 2026C / 2026D Bond Financing - Executive Summary

Board Meeting: October 8, 2026 | Preliminary - Subject to Final Pricing and Closing

Item	Preliminary Financing Terms
Purpose	Refinance existing facility debt associated with the Sherman Way and MSA-2 properties.
Sherman Way Refinance	**$7.84 million**
MSA-2 / Vanowen Refinance	**$11.61 million**
Total Project Refinancing	**$19.45 million**
Preliminary Bond Par Amount	**$20.13 million**
Board Authorization - Not to Exceed	**$22.50 million**
Series	Series 2026C Tax-Exempt / Series 2026D Taxable
Preliminary Coupon	**6.75%**
All-In TIC	Approximately **7.04%**
Final Maturity	**July 1, 2066** (approximately 40-year financing term)
Average Annual Debt Service	Approximately **$1.469 million**
Maximum Annual Debt Service	Approximately **$1.472 million**
First / Partial-Year Debt Service	Approximately **$966,000**
Estimated COI + Underwriter Discount	Approximately **$674,000**
Credit Enhancement / DSRF	Approximately **$1.472 million** CSFA credit enhancement / debt service reserve support.
Security Structure	Existing Master Trust Indenture, Obligation No. 3, and related loan, lease, security and state intercept arrangements.
Expected Pricing	October 2026
Expected Closing	**November 5, 2026**

Current Debt vs. Proposed Financing

Project	Existing Financing	Proposed 2026C/D Bonds
Sherman Way	CLI; approximately $7.84M to be refinanced	Included in long-term bond refinancing
MSA-2 / Vanowen	CLI; approximately $11.61M to be refinanced	Included in long-term bond refinancing
Combined	**Approximately $19.45M**	Approx. **$1.47M combined annual debt service** after the initial partial year

Preliminary Transaction Timeline

October 8, 2026 Board Approval	**October 2026** Final Documentation & Pricing	**November 5, 2026** Expected Closing	**At Closing** Existing CLI obligations refinanced

Note: All financing amounts, rates, debt service, timing and other terms are preliminary and remain subject to final pricing, market conditions, payoff amounts, transaction documents and closing requirements.

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

RESOLUTIONS OF THE BOARD OF DIRECTORS

(APPROVAL OF BOND FINANCING)

The Board of Directors (the "Board") of Magnolia Educational & Research Foundation hereby adopts the following Resolutions:

WHEREAS, Magnolia Educational & Research Foundation, a California nonprofit public benefit corporation doing business as Magnolia Public Schools ("MERF" or the "Corporation"), is organized for charitable and public purposes;

WHEREAS, MERF operates public charter schools, including Magnolia Science Academy 1, CDS Code 19-10199-6119945 ("MSA-1") and Magnolia Science Academy 2, CDS Code 19-10199-0445212 ("MSA-2");

WHEREAS, MERF has formed, is the sole member of, and has appointed itself as the sole manager of MPM 18120 Sherman Way LLC, a California limited liability company ("18120 Sherman Way LLC");

WHEREAS, Magnolia Properties Management, Inc., a California nonprofit public benefit corporation (the "Borrower"), is organized for charitable purposes and is operated exclusively for the benefit of, to perform the functions of, and to carry out the purposes of MERF;

WHEREAS, the Borrower has formed, is the sole member of, and has appointed MERF as the sole Manager of MPM 16600 Vanowen Street LLC, a California limited liability company ("Vanowen LLC" and, collectively with 18120 Sherman Way LLC, the "Lessors");

WHEREAS, MERF proposes to operate MSA-1 in part on real property owned by 18120 Sherman Way LLC, located in the City of Los Angeles, County of Los Angeles, State of California, and commonly known as 18120 Sherman Way, Reseda, California 91335 (the "Sherman Way Property");

WHEREAS, MERF proposes to operate MSA-2 in part on real property owned by Vanowen LLC, located in the City of Los Angeles, County of Los Angeles, State of California, and commonly known as 16631 Archwood Street and 16600 Vanowen Street, Los Angeles, CA 91406 (the "Vanowen Property");

WHEREAS, pursuant to the terms of a Loan Agreement dated as of January 23, 2025, (the "Sherman Way Loan Agreement") by and between CLI Capital, a Texas real estate investment trust ("CLI"), and MERF, CLI made a loan (the "Sherman Way Loan") to MERF in the maximum amount of $7,825,000, which loan is secured by a Deed of Trust encumbering the Sherman Way Property (the "Sherman Way Deed of Trust");

WHEREAS, pursuant to the terms of an Assignment and Assumption of Loan Agreement,, of Deed of Trust and Assignment of Rents dated as of January 21, 2026, made by MERF and 1820 Sherman Way LLC in favor of CLI, MERF assigned to 18120 Sherman Way LLC, and 18120

Sherman Way assumed, all obligations of MERF under the Sherman Way Loan Agreement and the Sherman Way Deed of Trust;

WHEREAS, pursuant to the terms of a Loan Agreement dated as of February 27, 2023, by and between CLI and Vanowen LLC, CLI made a loan (the "Vanowen Loan") to Vanowen LLC in the maximum amount of $27,000,000, which loan is secured by a Deed of Trust encumbering the Vanowen Property;

WHEREAS, MERF proposes that the Borrower will obtain a loan (the "Loan") from the Authority in a maximum amount not to exceed $22,500,000 pursuant to a Loan Agreement (the "Loan Agreement") between the Authority and the Borrower, which loan will be funded from the proceeds of tax-exempt and/or taxable bonds (collectively, the "Bonds") issued by the Authority pursuant to an Indenture (the "Indenture") between the Authority and UMB Bank, National Association, as Trustee (in such capacity, the "Bond Trustee"), such bonds to be designated as California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group), Series 2026CD or such other names as may be designated in the Indenture;

WHEREAS, MERF proposes that the Borrower will use the proceeds of the Loan, among other things, (i) to repay the Sherman Way Loan and the Vanowen Loan, (ii) to otherwise finance and/or refinance the costs of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of the Sherman Way Property and the Vanowen Property (collectively, the "Facilities"), (iii) to fund a debt service reserve fund with respect to the Bonds, and (iv) to pay certain costs of issuance of the Bonds;

WHEREAS, MERF proposes that, in connection with and to support the obligations of the Borrower under the Loan Agreement, MERF and/or the Borrower and the Authority will enter into one or more Program Agreements (collectively, the "Program Agreement") relating to the Authority's Charter School Facilities Credit Enhancement Grant Program or to any similar charter school credit enhancement programs (collectively, the "Credit Enhancement Program"), that, pursuant to the Program Agreement, the Authority will reserve funds from the Credit Enhancement Program for the Bonds on the terms and conditions contained in the Program Agreement, and that the Authority will apply or cause to be applied all funds designated thereunder to be disbursed directly to the Bond Trustee to be held by the Bond Trustee as part of the primary debt service reserve for the Bonds;

WHEREAS, the Borrower, as the Obligated Group Representative, MPM Sherman Way LLC, a California limited liability company, MPM Santa Ana LLC, California limited liability company, and MPM San Diego LLC, California limited liability company, as the initial members of an obligated group (the "Obligated Group"), and UMB Bank, National Association, as master trustee (the "Master Trustee"), entered into a Master Indenture of Trust dated as of April 1, 2025, (as amended or supplemented the "Master Indenture"), which Master Indenture has been supplemented by Supplemental Master Indenture for Obligation No. 1 dated as of April 1, 2025, and by Supplemental Master Indenture for Obligation No. 2 dated as of March 1, 2026;

WHEREAS, MERF proposes that, in connection with and to support the obligations of the Borrower under the Loan Agreement, the Borrower, as the Obligated Group Representative, the Lessors, and the Master Trustee will enter into a Supplemental Master Indenture for Obligation

No. 3 ("Supplemental MTI No. 3") and that, pursuant to Supplemental MTI No. 3, the Lessors will become new members of the Obligated Group and the Obligated Group Representative will issue its Obligation No. 3 in the principal amount of the Bonds in favor of the Bond Trustee;

WHEREAS, MERF proposes that, effective upon the issuance of the Bonds, 18120 Sherman Way LLC and MERF will enter into one or more new or amended leases pursuant to which the 18120 Sherman Way LLC will lease the Sherman Way Property to MERF primarily for use in the operation of MSA-1;

WHEREAS, MERF proposes that, effective upon the issuance of the Bonds, Vanowen LLC and MERF will enter into one or more new or amended leases pursuant to which Vanowen LLC will lease the Vanowen Property to MERF primarily for use in the operation of MSA-2;

WHEREAS, MERF proposes that that the leases executed by the Lessors and MERF (the "Leases") collectively will provide for payment of rent in amounts sufficient to enable the Lessors to pay their allocated shares of debt service on the Bonds and under Obligation No. 3 issued pursuant to the Master Indenture;

WHEREAS, MERF proposes that the Borrower, the members of the Obligated Group (the "Members"), and MERF will secure or support the obligations of the Borrower under the Loan Agreement, the Master Indenture, the Obligations issued pursuant to the Master Indenture and/or the obligations of MERF under the Leases by, among other things, (i) a pledge of the gross revenues of the Members, (ii) deeds of trust (the "Deeds of Trust") executed by the Lessors encumbering their respective interests in the Facilities and related personal property, and (iii) intercepts of portions of the general purpose apportionments to MSA-1 and MSA-2 by the State Controller or another state agency of the State of California pursuant to Section 17199.4 of the Education Code of the State of California (the "Intercepts");

WHEREAS, MERF proposes that, in connection with the foregoing, (i) a Preliminary Limited Offering Memorandum (the "Preliminary Limited Offering Memorandum") and a Limited Offering Memorandum (the "Limited Offering Memorandum") will be prepared to furnish information with respect to the sale and delivery of the Bonds, (ii) pursuant to a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), the Borrower and MERF will undertake to provide annual reports and notices of certain events relating to the Bonds, and (iii) pursuant to a Tax Certificate and Agreement or Tax Regulatory Agreement (the "Tax Certificate"), the Borrower and MERF will undertake certain obligations relevant to the tax treatment of the tax-exempt Bonds;

WHEREAS, MERF and the Borrower propose to retain Stifel, Nicolaus, & Company, Inc. (the "Underwriter") to underwrite the Bonds pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Underwriter, the Authority, the Treasurer of the State of California, the Borrower, and MERF;

WHEREAS, MERF and the Borrower propose to make such loans, capital contributions, or lease payments to the Members as may be necessary or desirable to capitalize the Members for purposes of entering into and performing the transactions described above;

WHEREAS, the individuals listed on Schedule 1 attached hereto have been elected or appointed to the offices of the Corporation set forth after their names on Schedule 1, and such individuals are currently serving as such officers of the Corporation;

WHEREAS, the Borrower is a nonprofit, tax-exempt corporation which, as one of its primary purposes, supports the functions of the Board;

WHEREAS, each of the officers, directors, or employees of MERF listed on Schedule 3 attached hereto also serves as a non-compensated officer or director of the Borrower, and the interests of such persons in the Borrower and the Members have been disclosed to the Corporation and are hereby noted in the official records of the Corporation;

WHEREAS, the Board finds that the terms of the foregoing transactions and proposed transactions (collectively, the "Transactions"), including the Leases, are fair and reasonable as to MERF, MSA-1, MSA-2, the Borrower, and the Members (each, a "Magnolia Company" and, collectively, the "Magnolia Companies") under the circumstances, in the best interest of the Magnolia Companies, and in furtherance of the charitable purposes of the Corporation; and

WHEREAS, the Board desires the Magnolia Companies to take all actions necessary or advisable to facilitate the Transactions;

NOW, THEREFORE, BE IT RESOLVED, that the Board ratifies and confirms the election or appointment, as applicable, of the officers of the Corporation listed on Schedule 1;

RESOLVED FURTHER, that the Board ratifies and approves the applications of MERF and/or the Borrower to the Authority for the issuance of the Bonds and for an award under the Credit Enhancement Program in connection with the issuance of the Bonds;

RESOLVED FURTHER, that the Board ratifies and approves the Transactions and authorizes the execution, delivery and performance by each Magnolia Company of the documents and agreements listed on Schedule 2 attached hereto (collectively, the "Primary Transaction Documents") to which the Magnolia Company may be a party and all such other documents, instruments, and agreements as may be necessary or advisable to facilitate the Transactions (together with the Primary Transaction Documents, the "Transaction Documents");

RESOLVED FURTHER, that the Board appoints the officers of the Corporation, and each of them individually (each, an "Authorized Signatory"), acting alone, as authorized signatories of the Corporation and the Lessors for purposes of executing the Transaction Documents on behalf of such companies;

RESOLVED FURTHER, that the Board authorizes the Authorized Signatories, and each of them individually, acting alone, for and in the name and on behalf of the Corporation, for itself and as the member and/or manager of the Lessors, to open such deposit accounts or other bank accounts and to contract for such banking services for the Corporation or the Lessors as such Authorized Signatories may deem necessary or advisable to carry out the Transactions and to execute, on behalf of the Corporation and the Lessors, all related standard-form resolutions required by all banks, trust companies and financial institutions;

RESOLVED FURTHER, that each of the Chief Executive Officer, Chief Financial Officer, and Deputy Superintendent of the Corporation be and is hereby authorized to act as a signatory on the bank deposit accounts and other general or special accounts of the Corporation and the Lessors, to authorize the transfer or disbursement of funds from or to such accounts, to endorse checks, drafts or other evidences of indebtedness made payable to the Corporation or the Lessors, for the purpose of deposit, and to sign on the Corporation's or a Lessor's behalf all checks, drafts, and other instruments of the Corporation or the Lessor to pay money;

RESOLVED FURTHER, that the Board authorizes the Authorized Signatories, and each of them individually, acting alone, for and in the name and on behalf of the Corporation, for itself and as the member and/or manager of the Lessors, and for and in the name and on behalf of the Lessors, to execute, deliver, approve, and, as appropriate, declare final and authorize the distribution of the Transaction Documents, in such forms and with such amendments or modifications thereto as an Authorized Signatory may approve as necessary or advisable to facilitate the Transactions, and all such other bond purchase agreements, note purchase agreements, disclosure agreements, offering statements, offering memoranda, master indentures, supplements to master indentures, indentures, loan agreements, promissory notes, obligations, leases, subleases, deeds of trust, security agreements, deposit account or securities account control agreements, subordination, non-disturbance and attornment agreements, tax certificates, tax and regulatory compliance agreements, policies, or procedures, assignments, indemnification agreements, guaranties, subordination agreements, escrow agreements, agreements with underwriters, project managers, contractors, architects, engineers, consultants, or other persons, consents, letters of representation, notices, certificates, and other documents, agreements, or instruments or amendments to any of the foregoing, as an Authorized Signatory may approve as necessary or advisable to facilitate the Transactions, each with such additions, deletions or changes therein as the Authorized Signatory executing the same shall approve (the execution and delivery thereof by any such Authorized Signatory to be conclusive evidence of his or her approval of any such document, agreement, instrument, amendment, addition, deletion or change);

RESOLVED FURTHER, that, pursuant to Section 17199.4(a) of the Education Code of the State of California, the Corporation elects to participate in the Intercept to secure payment of the principal of and interest on the Bonds and that the Board authorizes the Authorized Signatories, and each of them individually, acting alone, for and in the name and on behalf of the Corporation, MSA-1, and/or MSA-2, to provide notices (the "Intercept Notices") to the State Controller of the State of California or other applicable state agency of the State of California of such election of the Board;

RESOLVED FURTHER, that the Board ratifies and confirms the acts of the officers, agents or employees of the Corporation taken on behalf of the Corporation in connection with the Transactions;

RESOLVED FURTHER, that by the adoption of these resolutions, the Board reconfirms, ratifies, and adopts all prior actions of the Board which may have previously been taken in connection with the Transactions;

RESOLVED FURTHER, that all prior resolutions of the Board or any parts thereof in conflict with any of or all the foregoing resolutions are repealed to the extent of such conflict;

RESOLVED FURTHER, that these resolutions shall take effect and be in full force immediately after their adoption by the Board; and

RESOLVED FURTHER, that the Board authorizes the Authorized Signatories, and each of them individually, acting alone, for and in the name and on behalf of the Corporation, for itself and as the member and/or Manager of the Lessors, and for and in the name and on behalf of the Lessors, to approve, execute and deliver any and all documents, instruments and agreements, and to perform or cause to be performed any and all acts as may, in their judgment, be necessary or desirable to accomplish the purposes of the foregoing resolutions and the transactions contemplated thereby and by the agreements therein approved, and any such documents, instrument or agreements so executed and delivered or actions taken by them or any of them shall be conclusive evidence of their authority in so doing.

Certificate of Secretary

The undersigned certifies that the undersigned is the duly appointed and acting Secretary of Magnolia Educational & Research Foundation (the "Corporation"), a California nonprofit public benefit corporation, that the foregoing Resolutions were duly adopted by a majority vote of the members of the Board of Directors (the "Board") of the Corporation then in office at a meeting of the Board duly held on October 8, 2026, in compliance with the bylaws of the Corporation and in compliance with the notice, agenda and open meeting requirements of the Ralph M. Brown Act, and that a quorum of the Board was in attendance at the meeting at the time the resolutions were adopted.

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary of the Corporation as of the 8th day of March 2026.

Jennifer Lara
Secretary

Schedule 1

Officers

Alfredo Rubalcava	Chief Executive Officer and Superintendent
Jennifer Lara	Secretary
Erdinc Acar	Deputy Superintendent and Acting Chief Financial Officer

Schedule 2

Primary Transaction Documents

Bonds

1. Bond Purchase Agreement.
2. Loan Agreement.
3. Indenture.
4. Supplemental MTI for Obligation No. 3.
5. Obligation No. 3 (as defined in the Supplemental MTI for Obligation No. 3).
6. Leases.
7. Deeds of Trust.
8. Subordination, Non-Disturbance and Attornment Agreements relating to the Leases.
9. Program Agreement.
10. Preliminary Limited Offering Memorandum.
11. Limited Offering Memorandum.
12. Continuing Disclosure Agreement.
13. Tax Certificate.
14. Intercept Notices.

Schedule 3

Certain Officers or Directors of the Borrower

Name	Position at MERF	Position at the Borrower
Alfredo Rubalcava	Chief Executive Officer and Superintendent	Chief Executive Officer
Patrick Ontiveros	General Counsel	Secretary

MAGNOLIA PROPERTIES MANAGEMENT, INC.

RESOLUTIONS OF THE BOARD OF DIRECTORS

(APPROVAL OF BOND FINANCING)

The Board of Directors (the "Board") of Magnolia Properties Management, Inc. hereby adopts the following Resolutions:

WHEREAS, Magnolia Educational & Research Foundation, a California nonprofit public benefit corporation doing business as Magnolia Public Schools ("MERF"), is organized for charitable and public purposes;

WHEREAS, MERF operates public charter schools, including Magnolia Science Academy 1, CDS Code 19-10199-6119945 ("MSA-1") and Magnolia Science Academy 2, CDS Code 19-10199-0445212 ("MSA-2");

WHEREAS, MERF has formed, is the sole member of, and has appointed itself as the sole manager of MPM 18120 Sherman Way LLC, a California limited liability company ("18120 Sherman Way LLC");

WHEREAS, Magnolia Properties Management, Inc., a California nonprofit public benefit corporation (the "Borrower" or the "Corporation"), is organized for charitable purposes and is operated exclusively for the benefit of, to perform the functions of, and to carry out the purposes of MERF;

WHEREAS, the Borrower has formed, is the sole member of, and has appointed MERF as the sole Manager of MPM 16600 Vanowen Street LLC, a California limited liability company ("Vanowen LLC" and, collectively with 18120 Sherman Way LLC, the "Lessors");

WHEREAS, MERF proposes to operate MSA-1 in part on real property owned by 18120 Sherman Way LLC, located in the City of Los Angeles, County of Los Angeles, State of California, and commonly known as 18120 Sherman Way, Reseda, California 91335 (the "Sherman Way Property");

WHEREAS, MERF proposes to operate MSA-2 in part on real property owned by Vanowen LLC, located in the City of Los Angeles, County of Los Angeles, State of California, and commonly known as 16631 Archwood Street and 16600 Vanowen Street, Los Angeles, CA 91406 (the "Vanowen Property");

WHEREAS, pursuant to the terms of a Loan Agreement dated as of January 23, 2025, (the "Sherman Way Loan Agreement") by and between CLI Capital, a Texas real estate investment trust ("CLI"), and MERF, CLI made a loan (the "Sherman Way Loan") to MERF in the maximum amount of $7,825,000, which loan is secured by a Deed of Trust encumbering the Sherman Way Property (the "Sherman Way Deed of Trust");

WHEREAS, pursuant to the terms of an Assignment and Assumption of Loan Agreement,, of Deed of Trust and Assignment of Rents dated as of January 21, 2026, made by MERF and 1820

Sherman Way LLC in favor of CLI, MERF assigned to 18120 Sherman Way LLC, and 18120 Sherman Way assumed, all obligations of MERF under the Sherman Way Loan Agreement and the Sherman Way Deed of Trust;

WHEREAS, pursuant to the terms of a Loan Agreement dated as of February 27, 2023, by and between CLI and Vanowen LLC, CLI made a loan (the "Vanowen Loan") to Vanowen LLC in the maximum amount of $27,000,000, which loan is secured by a Deed of Trust encumbering the Vanowen Property;

WHEREAS, MERF proposes that the Borrower will obtain a loan (the "Loan") from the Authority in a maximum amount not to exceed $22,500,000 pursuant to a Loan Agreement (the "Loan Agreement") between the Authority and the Borrower, which loan will be funded from the proceeds of tax-exempt and/or taxable bonds (collectively, the "Bonds") issued by the Authority pursuant to an Indenture (the "Indenture") between the Authority and UMB Bank, National Association, as Trustee (in such capacity, the "Bond Trustee"), such bonds to be designated as California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group), Series 2026CD or such other names as may be designated in the Indenture;

WHEREAS, MERF proposes that the Borrower will use the proceeds of the Loan, among other things, (i) to repay the Sherman Way Loan and the Vanowen Loan, (ii) to otherwise finance and/or refinance the costs of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of the Sherman Way Property and the Vanowen Property (collectively, the "Facilities"), (iii) to fund a debt service reserve fund with respect to the Bonds, and (iv) to pay certain costs of issuance of the Bonds;

WHEREAS, MERF proposes that, in connection with and to support the obligations of the Borrower under the Loan Agreement, MERF and/or the Borrower and the Authority will enter into one or more Program Agreements (collectively, the "Program Agreement") relating to the Authority's Charter School Facilities Credit Enhancement Grant Program or to any similar charter school credit enhancement programs (collectively, the "Credit Enhancement Program"), that, pursuant to the Program Agreement, the Authority will reserve funds from the Credit Enhancement Program for the Bonds on the terms and conditions contained in the Program Agreement, and that the Authority will apply or cause to be applied all funds designated thereunder to be disbursed directly to the Bond Trustee to be held by the Bond Trustee as part of the primary debt service reserve for the Bonds;

WHEREAS, the Borrower, as the Obligated Group Representative, MPM Sherman Way LLC, a California limited liability company, MPM Santa Ana LLC, California limited liability company, and MPM San Diego LLC, California limited liability company, as the initial members of an obligated group (the "Obligated Group"), and UMB Bank, National Association, as master trustee (the "Master Trustee"), entered into a Master Indenture of Trust dated as of April 1, 2025, (as amended or supplemented the "Master Indenture"), which Master Indenture has been supplemented by Supplemental Master Indenture for Obligation No. 1 dated as of April 1, 2025, and by Supplemental Master Indenture for Obligation No. 2 dated as of March 1, 2026;

WHEREAS, MERF proposes that, in connection with and to support the obligations of the Borrower under the Loan Agreement, the Borrower, as the Obligated Group Representative,

the Lessors, and the Master Trustee will enter into a Supplemental Master Indenture for Obligation No. 3 ("Supplemental MTI No. 3") and that, pursuant to Supplemental MTI No. 3, the Lessors will become new members of the Obligated Group and the Obligated Group Representative will issue its Obligation No. 3 in the principal amount of the Bonds in favor of the Bond Trustee;

WHEREAS, MERF proposes that, effective upon the issuance of the Bonds, 18120 Sherman Way LLC and MERF will enter into one or more new or amended leases pursuant to which the 18120 Sherman Way LLC will lease the Sherman Way Property to MERF primarily for use in the operation of MSA-1;

WHEREAS, MERF proposes that, effective upon the issuance of the Bonds, Vanowen LLC and MERF will enter into one or more new or amended leases pursuant to which Vanowen LLC will lease the Vanowen Property to MERF primarily for use in the operation of MSA-2;

WHEREAS, MERF proposes that that the leases executed by the Lessors and MERF (the "Leases") collectively will provide for payment of rent in amounts sufficient to enable the Lessors to pay their allocated shares of debt service on the Bonds and under Obligation No. 3 issued pursuant to the Master Indenture;

WHEREAS, MERF proposes that the Borrower, the members of the Obligated Group (the "Members"), and MERF will secure or support the obligations of the Borrower under the Loan Agreement, the Master Indenture, the Obligations issued pursuant to the Master Indenture and/or the obligations of MERF under the Leases by, among other things, (i) a pledge of the gross revenues of the Members, (ii) deeds of trust (the "Deeds of Trust") executed by the Lessors encumbering their respective interests in the Facilities and related personal property, and (iii) intercepts of portions of the general purpose apportionments to MSA-1 and MSA-2 by the State Controller or another state agency of the State of California pursuant to Section 17199.4 of the Education Code of the State of California (the "Intercepts");

WHEREAS, MERF proposes that, in connection with the foregoing, (i) a Preliminary Limited Offering Memorandum (the "Preliminary Limited Offering Memorandum") and a Limited Offering Memorandum (the "Limited Offering Memorandum") will be prepared to furnish information with respect to the sale and delivery of the Bonds, (ii) pursuant to a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement"), the Borrower and MERF will undertake to provide annual reports and notices of certain events relating to the Bonds, and (iii) pursuant to a Tax Certificate and Agreement or Tax Regulatory Agreement (the "Tax Certificate"), the Borrower and MERF will undertake certain obligations relevant to the tax treatment of the tax-exempt Bonds;

WHEREAS, MERF and the Borrower propose to retain Stifel, Nicolaus, & Company, Inc. (the "Underwriter") to underwrite the Bonds pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Underwriter, the Authority, the Treasurer of the State of California, the Borrower, and MERF;

WHEREAS, MERF and the Borrower propose to make such loans, capital contributions, or lease payments to the Members as may be necessary or desirable to capitalize the Members for purposes of entering into and performing the transactions described above;

WHEREAS, the individuals listed on Schedule 1 attached hereto have been elected or appointed to the offices of the Corporation set forth after their names on Schedule 1, and such individuals are currently serving as such officers of the Corporation;

WHEREAS, the Board finds that the terms of the foregoing transactions and proposed transactions (collectively, the "Transactions"), including the Leases, are fair and reasonable as to MERF, MSA-1, MSA-2, the Borrower, and the Members (each, a "Magnolia Company" and, collectively, the "Magnolia Companies") under the circumstances, in the best interest of the Magnolia Companies, and in furtherance of the charitable purposes of the Corporation; and

WHEREAS, the Board desires the Magnolia Companies to take all actions necessary or advisable to facilitate the Transactions;

NOW, THEREFORE, BE IT RESOLVED, that the Board ratifies and confirms the election or appointment, as applicable, of the officers of the Corporation listed on Schedule 1;

RESOLVED FURTHER, that the Board ratifies and approves the applications of MERF and/or the Borrower to the Authority for the issuance of the Bonds and for an award under the Credit Enhancement Program in connection with the issuance of the Bonds;

RESOLVED FURTHER, that the Board ratifies and approves the Transactions and authorizes the execution, delivery and performance by each Magnolia Company of the documents and agreements listed on Schedule 2 attached hereto (collectively, the "Primary Transaction Documents") to which the Magnolia Company may be a party and all such other documents, instruments, and agreements as may be necessary or advisable to facilitate the Transactions (together with the Primary Transaction Documents, the "Transaction Documents");

RESOLVED FURTHER, that the Board appoints the officers of the Corporation, and each of them individually (each, an "Authorized Signatory"), acting alone, as authorized signatories of the Corporation for purposes of executing the Transaction Documents on behalf of such companies;

RESOLVED FURTHER, that the Board authorizes the Authorized Signatories, and each of them individually, acting alone, for and in the name and on behalf of the Corporation, to open such deposit accounts or other bank accounts and to contract for such banking services for the Corporation as such Authorized Signatories may deem necessary or advisable to carry out the Transactions and to execute, on behalf of the Corporation, all related standard-form resolutions required by all banks, trust companies and financial institutions;

RESOLVED FURTHER, that each of the Chief Executive Officer and Chief Financial Officer of the Corporation be and is hereby authorized to act as a signatory on the bank deposit accounts and other general or special accounts of the Corporation, to authorize the transfer or disbursement of funds from or to such accounts, to endorse checks, drafts or other evidences of indebtedness made payable to the Corporation, for the purpose of deposit, and to sign on the Corporation's or a Lessor's behalf all checks, drafts, and other instruments of the Corporation to pay money;

RESOLVED FURTHER, that the Board authorizes the Authorized Signatories, and each of them individually, acting alone, for and in the name and on behalf of the Corporation, for itself and as the member and/or manager of the Lessors, and for and in the name and on behalf of the Lessors, to execute, deliver, approve, and, as appropriate, declare final and authorize the distribution of the Transaction Documents, in such forms and with such amendments or modifications thereto as an Authorized Signatory may approve as necessary or advisable to facilitate the Transactions, and all such other bond purchase agreements, note purchase agreements, disclosure agreements, offering statements, offering memoranda, master indentures, supplements to master indentures, indentures, loan agreements, promissory notes, obligations, leases, subleases, deeds of trust, security agreements, deposit account or securities account control agreements, subordination, non-disturbance and attornment agreements, tax certificates, tax and regulatory compliance agreements, policies, or procedures, assignments, indemnification agreements, guaranties, subordination agreements, escrow agreements, agreements with underwriters, project managers, contractors, architects, engineers, consultants, or other persons, consents, letters of representation, notices, certificates, and other documents, agreements, or instruments or amendments to any of the foregoing, as an Authorized Signatory may approve as necessary or advisable to facilitate the Transactions, each with such additions, deletions or changes therein as the Authorized Signatory executing the same shall approve (the execution and delivery thereof by any such Authorized Signatory to be conclusive evidence of his or her approval of any such document, agreement, instrument, amendment, addition, deletion or change);

RESOLVED FURTHER, that the Board ratifies and confirms the acts of the officers, agents or employees of the Corporation taken on behalf of the Corporation in connection with the Transactions;

RESOLVED FURTHER, that by the adoption of these resolutions, the Board reconfirms, ratifies, and adopts all prior actions of the Board which may have previously been taken in connection with the Transactions;

RESOLVED FURTHER, that all prior resolutions of the Board or any parts thereof in conflict with any of or all the foregoing resolutions are repealed to the extent of such conflict;

RESOLVED FURTHER, that these resolutions shall take effect and be in full force immediately after their adoption by the Board; and

RESOLVED FURTHER, that the Board authorizes the Authorized Signatories, and each of them individually, acting alone, for and in the name and on behalf of the Corporation, for itself and as the member and/or Manager of the Lessors, and for and in the name and on behalf of the Lessors, to approve, execute and deliver any and all documents, instruments and agreements, and to perform or cause to be performed any and all acts as may, in their judgment, be necessary or desirable to accomplish the purposes of the foregoing resolutions and the transactions contemplated thereby and by the agreements therein approved, and any such documents, instrument or agreements so executed and delivered or actions taken by them or any of them shall be conclusive evidence of their authority in so doing.

Certificate of Secretary

The undersigned certifies that the undersigned is the duly appointed and acting Secretary of Magnolia Properties Management, Inc. (the "Corporation"), a California nonprofit public benefit corporation, that the foregoing Resolutions were duly adopted by a majority vote of the members of the Board of Directors (the "Board") of the Corporation present at a meeting of the Board duly held on October 8, 2026, in compliance with the bylaws of the Corporation and that a quorum of the Board was in attendance at the meeting at the time the resolutions were adopted.

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary of the Corporation as of the 8th day of March 2026.

_____

Patrick Ontiveros
Secretary

Schedule 1

Officers

Alfredo Rubalcava	Chief Executive Officer and Superintendent
Patrick Ontiveros	Secretary
Cafer Turan	Chief Financial Officer

Schedule 2

Primary Transaction Documents

Bonds

1. Bond Purchase Agreement.
2. Loan Agreement.
3. Indenture.
4. Supplemental MTI for Obligation No. 3.
5. Obligation No. 3 (as defined in the Supplemental MTI for Obligation No. 3).
6. Leases.
7. Deeds of Trust.
8. Subordination, Non-Disturbance and Attornment Agreements relating to the Leases.
9. Program Agreement.
10. Preliminary Limited Offering Memorandum.
11. Limited Offering Memorandum.
12. Continuing Disclosure Agreement.
13. Tax Certificate.
14. Intercept Notices.

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED OCTOBER __, 2026

NEW ISSUES—FULL BOOK-ENTRY

Rating: MOODY'S: "Baa3"
See "RATING" herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Tax-Exempt Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

MAGNOLIA PUBLIC SCHOOLS

$_____* CALIFORNIA SCHOOL FINANCE AUTHORITY CHARTER SCHOOL REVENUE BONDS (MAGNOLIA PUBLIC SCHOOLS – OBLIGATED GROUP), SERIES 2026C

$_____* CALIFORNIA SCHOOL FINANCE AUTHORITY CHARTER SCHOOL REVENUE BONDS (MAGNOLIA PUBLIC SCHOOLS – OBLIGATED GROUP), SERIES 2026D (TAXABLE)

Dated: Date of Delivery **Due: July 1 as shown on inside cover**

This cover page contains information for general reference only. It is not intended as a summary of these issues. Investors must read the entire Limited Offering Memorandum to obtain information essential to making an informed investment decision.

The California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group), Series 2026C, in the aggregate principal amount of $_____• (the "Series 2026C Bonds" or the "Tax-Exempt Bonds") and the California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group), Series 2026D (Taxable), in the aggregate principal amount of $_____• (the "Series 2026D Bonds" or the "Taxable Bonds" and, together with the Series 2026C Bonds, the "Bonds") will be issued by the California School Finance Authority (the "Authority") pursuant to an Indenture, dated as of November 1, 2026 (the "Bond Indenture"), by and between the Authority and UMB Bank, National Association, as trustee (the "Trustee"). The Authority will loan the proceeds of the Bonds to Magnolia Properties Management, Inc., a California nonprofit public benefit corporation (the "Borrower"), pursuant to a Loan Agreement, dated as of November 1, 2026 (the "Loan Agreement"), by and between the Authority and the Borrower, and acknowledged and agreed to by MPM 16600 Vanowen Street LLC and MPM 18120 Sherman Way LLC, each of which is a California limited liability company the sole member of which is the Borrower. The Bonds and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement and Obligation No. 3 relating to the Bonds ("Obligation No. 3") issued by the Borrower in an amount equal to the aggregate principal amount of the Bonds pursuant to a Master Indenture of Trust, dated as of April 1, 2025 (the "Master Indenture"), as supplemented, including by a Supplemental Master Indenture for Obligation No. 3, dated as of November 1, 2026 (the "Third Supplemental Master Indenture"), by and between the Borrower, as representative of the Obligated Group, and UMB Bank, National Association, as master trustee thereunder (the "Master Trustee").

The proceeds of the Bonds will be used to: (i) finance and/or refinance a portion of the costs of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of certain public charter school facilities (as further defined herein, the "Series 2026CD Facilities"); and (ii) pay the costs of issuance of the Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "THE PROJECT" herein. A deposit to a debt service reserve account for the Bonds in an amount of $_____* is expected to be funded by proceeds of a grant pursuant to the Authority's Charter School Facilities Credit Enhancement Program. Such deposit to the debt service reserve account will be equal to the maximum annual debt service on the Bonds.* In connection with the issuance of the Bonds, Magnolia Educational & Research Foundation ("MERF" or the "Lessee"), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"), will enter into certain Lease Agreements, each dated as of November 1, 2025 (the "Series 2026CD Leases"), pursuant to which certain charter school facilities will be leased to MERF.

The Bonds are limited obligations of the Authority payable from Payments received under the Bond Indenture (including amounts payable under the Series 2026CD Leases) and other amounts held in the funds established by the Bond Indenture (except the Rebate Fund) and payments to be made pursuant to Obligation No. 3. The obligations of the Borrower under the Loan Agreement are payable from the Gross Revenues (as defined herein) of the Obligated Group, or from any other legally available funds of the Borrower, required to be deposited with the Trustee pursuant to the Loan Agreement.

Interest on the Bonds will be payable semiannually on each January 1 and July 1, commencing January 1, 2027.* The Bonds are being issued as fully registered bonds and initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry-only form (without physical certificates) in initial minimum denominations of $25,000 and any integral multiple of $5,000 in excess thereof. For so long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, (i) payments of the principal of and premium, if any, and interest on such Bonds will be made directly to Cede & Co. for payment to DTC participants for subsequent disbursement to the beneficial owners, and (ii) all notices, including any notice of redemption will be mailed only to Cede & Co. See "APPENDIX G – BOOK-ENTRY SYSTEM" herein.

The Bonds are subject to optional, mandatory and extraordinary redemption prior to maturity as described under "THE BONDS – Redemption" herein.

THE PURCHASE AND HOLDING OF THE BONDS INVOLVE RISKS THAT MAY NOT BE APPROPRIATE FOR CERTAIN INVESTORS. THE BONDS ARE TO BE OFFERED AND SOLD (INCLUDING IN SECONDARY MARKET TRANSACTIONS) ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" OR "ACCREDITED INVESTORS" (EACH AS DEFINED HEREIN). See "NOTICE TO INVESTORS" and "TRANSFER RESTRICTIONS" herein.

THE BONDS ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA (THE "STATE") OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY, AND ARE NOT AND SHALL NOT BE DEEMED TO BE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER. NOTHING IN THE BOND INDENTURE, THE ACT OR OTHERWISE IS AN UNDERTAKING BY THE AUTHORITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO FUND THE TRANSFERS DESCRIBED IN THE INTERCEPT NOTICES (DEFINED HEREIN) OR TO MAKE FUNDS AVAILABLE TO THE FINANCED SCHOOLS IN ANY AMOUNT OR AT ANY TIME.

The Authority furnished only the information contained under the captions "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION – The Authority." The Authority also confirmed the data in the table under the caption "STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Charter School Facility Grant Program Funding" and, except for such information, makes no representation as to the adequacy, completeness or accuracy of this Limited Offering Memorandum or the information contained herein. None of the Authority, the State or any of their respective independent contractors have furnished, reviewed, investigated or verified any other information contained in this Limited Offering Memorandum. The Authority does not, and will not in the future, monitor the financial condition of the Borrower or the Lessee.

The Bonds are offered when, as and if issued by the Authority and received by the Underwriter, subject to prior sale, modification or withdrawal of the offer without notice, and subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, the approval of certain matters for the Authority by the Honorable Rob Bonta, Attorney General of the State of California, the approval of certain matters for the Underwriter by Stradling Yocca Carlson & Rauth LLP, as Underwriter's Counsel and the approval of certain matters for the Borrower and relating to the Financed Schools by Musick, Peeler & Garrett LLP, Los Angeles, California. It is expected that the Bonds in definitive form will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about November __, 2026.*

Honorable Fiona Ma
Treasurer of the State of California
as Agent for Sale

This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time of formal award by the issuer. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

[Stifel logo]

Dated: October __, 2026

_____

* Preliminary, subject to change.

MATURITY SCHEDULE*

$_____*
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(MAGNOLIA PUBLIC SCHOOLS – OBLIGATED GROUP),
SERIES 2026C

$_____ _____% Term Bonds Priced to Yield _____%† due July 1, 20__ CUSIP _____ (1)

$_____* _____% Term Bonds Priced to Yield _____% due July 1, 20__ CUSIP _____ (1)

$_____*
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(MAGNOLIA PUBLIC SCHOOLS – OBLIGATED GROUP),
SERIES 2026D (TAXABLE)

$_____* _____% Term Bonds Priced to Yield _____% due July 1, 20__ CUSIP _____ (1)

* Preliminary, subject to change.

† Yield to call at par on August 1, 20__.

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP Services. None of the Authority, the Borrower, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

This Limited Offering Memorandum does not constitute an offer to sell the Bonds or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any state or other jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such state or jurisdiction. No dealer, salesperson or any other person has been authorized to give any information or to make any representation other than those contained herein in connection with the offering of the Bonds, and, if given or made, such information or representation must not be relied upon.

The Authority furnished only the information contained under the captions "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION – The Authority." The Authority also confirmed the data in the table under the caption "STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Charter School Facility Grant Program Funding" and, except for such information, makes no representation as to the adequacy, completeness or accuracy of this Limited Offering Memorandum or the information contained herein. None of the Authority, the State or any of their respective independent contractors have furnished, reviewed, investigated or verified any other information contained in this Limited Offering Memorandum. The Authority does not, and will not in the future, monitor the financial condition of the Borrower or the Lessee.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Limited Offering Memorandum, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in the affairs of the Authority, The Depository Trust Company or the Borrower since the date hereof.

Investors must read this entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision, and should give particular attention to the material under the caption "CERTAIN RISK FACTORS." No one factor should be considered more or less important than any other by reason of its position in this Limited Offering Memorandum. Where statutes, ordinances, reports or other documents are referred to in this Limited Offering Memorandum, reference should be made to those documents for more complete information regarding their subject matter.

The Underwriter has provided the following sentence for inclusion in this Limited Offering Memorandum. The Underwriter has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of these transactions, but the Underwriter does not guarantee the accuracy or completeness of this information.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS LIMITED OFFERING MEMORANDUM

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute "forward-looking statements." Such statements generally are identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under the headings "CERTAIN RISK FACTORS," "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP" in this Limited Offering Memorandum. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the Borrower nor MERF plans to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

NOTICE TO INVESTORS

The Bonds are to be offered and sold (including in secondary market transactions) only to Qualified Institutional Buyers or Accredited Investors (each as defined herein). The Bond Indenture under which the Bonds will be issued contains provisions limiting transfers of the Bonds and beneficial ownership interests in the Bonds only to Qualified Institutional Buyers or Accredited Investors. In addition, the face of each Bond will contain a legend indicating that it is subject to transfer restrictions as set forth in the Bond Indenture.

Each purchaser of any Bond or ownership interest therein will be deemed to have acknowledged, represented, warranted, and agreed with and to the Authority, the Borrower, the Underwriter and the Trustee as follows:

1. That the Bonds are payable solely from certain revenues derived by the Authority under the Loan Agreement from amounts received by the Trustee pursuant to the Intercepts (as defined herein), and from certain funds and accounts established and maintained pursuant to the Bond Indenture;

2. That it is a Qualified Institutional Buyer or an Accredited Investor and that it is purchasing the Bonds for its own account and not with a view to, or for offer or sale in connection with any distribution thereof in violation of the Securities Act of 1933, as amended (the "Securities Act") or other applicable securities laws;

3. That the Bonds (a) have not been registered under the Securities Act and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, and (c) may not be readily marketable;

4. That none of the Authority or any of its Board members, officers or employees takes any responsibility for, and the purchaser is not relying upon any such parties with respect to the information appearing anywhere in this Limited Offering Memorandum, other than the information under the headings "THE AUTHORITY," and "ABSENCE OF MATERIAL LITIGATION – The Authority" (collectively, the "Authority's Portion" of the Limited Offering Memorandum) and that none of such parties have participated in the preparation of this Limited Offering Memorandum;

5. That the Bonds and beneficial ownership interests therein may only be transferred to Qualified Institutional Buyers or Accredited Investors; and

6. That the Authority, the Borrower, MERF, the Trustee, the Underwriter and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

Subsequent transferees of the Bonds are limited only to "Qualified Institutional Buyers" or "Accredited Investors." Each subsequent transferee of the Bonds will be deemed to have represented and warranted that it (i) is a Qualified Institutional Buyer or Accredited Investor, as applicable, and (ii) is acquiring such Bond for its own account or for the account of Qualified Institutional Buyer or an Accredited Investor, as the case may be, and not with a view to the further distribution thereof, though it may expressly reserve the right to re-sell such Bond.

See "TRANSFER RESTRICTIONS" herein.

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**$_____*
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(MAGNOLIA PUBLIC SCHOOLS – OBLIGATED GROUP),
SERIES 2026C**

**$_____*
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(MAGNOLIA PUBLIC SCHOOLS – OBLIGATED GROUP),
SERIES 2026D (TAXABLE)**

INTRODUCTION

General

This Limited Offering Memorandum, including the cover page, the inside cover page, and Appendices hereto (the "Limited Offering Memorandum"), is provided to furnish information with respect to the sale and delivery of the California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group), Series 2026C, in the aggregate principal amount of $_____* (the "Series 2026C Bonds" or the "Tax-Exempt Bonds") and the California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group), Series 2026D (Taxable), in the aggregate principal amount of $_____* (the "Series 2026D Bonds" or the "Taxable Bonds" and, together with the Series 2026C Bonds, the "Bonds") issued by the California School Finance Authority (the "Authority").

Background

Magnolia Educational & Research Foundation ("MERF") is a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). MERF holds the charters for eleven public charter schools in southern California, including Magnolia Science Academy 1 ("MSA-1") and Magnolia Science Academy 2 ("MSA-2"), each of which is a public charter school operated by MERF. Proceeds of the Bonds will be used to finance a portion of the costs of certain charter school facilities for the use of MSA-1 and MSA-2.

Key Defined Terms

The following table presents selected terms used and defined herein.

Defined Term	Meaning
"Authority"	California School Finance Authority.
"MERF"	Magnolia Educational & Research Foundation ("MERF") is a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code.
"Borrower"	Magnolia Properties Management, Inc., a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Code.
"Bond Indenture"	The Indenture, dated as of November 1, 2026, by and between the Authority and the Trustee pursuant to which the Bonds are issued.
"Facilities"	The Series 2026CD Facilities and each of the Prior Facilities, as described herein.
"Trustee"	UMB Bank, National Association, Los Angeles, California, as trustee under the Note Indenture.

* Preliminary, subject to change.

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Defined Term	Meaning
"Loan Agreement"	The Loan Agreement, dated as of November 1, 2026, by and between the Authority and the Borrower, relating to the loan of the proceeds of the Bonds to the Borrower, acknowledged and agreed to by MPM 16600 Vanowen Street LLC and MPM 18120 Sherman Way LLC.
"Member"	Each of MPM Sherman Way LLC ("MPM Sherman Way"), MPM 18120 Sherman Way LLC, ("MPM 18120 Sherman Way"), MPM 16600 Vanowen Street LLC ("MPM Vanowen Street"), MPM San Diego LLC ("MPM San Diego"), and MPM Santa Ana LLC ("MPM Santa Ana"), as Members of the Obligated Group.
"Series 2026CD Facilities"	Each of the MSA-1 Supplemental Facility, and the MSA-2 Facility, each as more particularly described herein.
"Series 2026CD Leases"	Each of the MSA-1 Supplemental Facility Lease and the MSA-2 Facility Lease, each as more particularly described herein.
"MSA-5 School Loan Agreement"	The Amended and Restated Loan Agreement, dated as of November 1, 2026, by and between MPM Santa Ana, as lender, and MERF, as borrower, relating to the MSA-5 Facility and the MSA-5 Gymnasium.
"Prior Facilities"	Each of the MSA-1 Facilities, the MSA-SD Facilities, the MSA-SA Facilities, and the MSA-5 Facility, each as more particularly described herein.
"Prior Leases"	Each of (i) the Lease Agreement, dated April 1, 2025, by and between MPM Sherman Way and MERF with respect to the MSA-1 Facilities, and (ii) the Lease Agreement, dated April 1, 2025, by and between MPM San Diego and MERF with respect to the MSA-SD Facilities.
"Prior School Loan Agreements"	The Loan Agreement, dated as of April 1, 2025 (the "Series 2025 School Loan Agreement"), by and between MPM Santa Ana, as lender, and MERF, as borrower, and the Loan Agreement, dated as of March 1, 2026 (the "Series 2026AB School Loan Agreement"), by and between MPM Santa Ana, as lender, and MERF, as borrower.
"Financed Schools"	The following public charter schools operated by MERF: Magnolia Science Academy 1; Magnolia Science Academy 2, Magnolia Science Academy San Diego; Magnolia Science Academy Santa Ana; Magnolia Science Academy 5, and Magnolia Science Academy Anaheim.
"Magnolia Schools"	All of the public charter schools operated by MERF, which currently number eleven.

The Bonds

The Bonds will be issued pursuant to Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State of California (the "Act") and a Bond Indenture, dated as of November 1, 2026 (the "Bond Indenture"), by and between the Authority and UMB Bank, National Association, as trustee (the "Trustee"). Interest on the Bonds will be payable on January 1 and July 1 of each year, commencing January 1, 2027* (each such date, an "Interest Payment Date"). The Bonds will be subject to optional, mandatory and extraordinary redemption prior to maturity as described under the heading "THE BONDS – Redemption" herein. The proceeds of the Bonds will be loaned to Magnolia Properties

* Preliminary, subject to change.

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Management, Inc., a California nonprofit public benefit corporation (the "Borrower"), pursuant to a Loan Agreement, dated as of November 1, 2026 (the "Loan Agreement"), by and between the Authority and the Borrower and accepted and acknowledged by MPM Santa Ana LLC ("MPM Santa Ana").

The Borrower was formed as a supporting organization for MERF, and the members of the Borrower's board of directors are appointed by the directors of MERF. Each of MPM Sherman Way, MPM San Diego and MPM Santa Ana is a California limited liability company, the sole member of which is the Borrower. For information regarding the MERF and the Borrower generally, see "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP" attached hereto.

The Bonds and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement and Obligation No. 3 relating to the Bonds ("Obligation No. 3") issued by the Borrower in an amount equal to the aggregate principal amount of the Bonds pursuant to a Master Indenture of Trust, dated as of April 1, 2025 (the "Master Indenture"), as supplemented by a Supplemental Master Indenture for Obligation No. 1, dated as of April 1, 2025 (the "First Supplemental Master Indenture"), a Supplemental Master Indenture for Obligation No. 2, dated as of March 1, 2026 (the "Second Supplemental Master Indenture"), and a Supplemental Master Indenture for Obligation No. 3, dated as of November 1, 2026 (the "Third Supplemental Master Indenture"), each by and between the Borrower, as representative of the Obligated Group, UMB Bank, National Association, as master trustee thereunder (the "Master Trustee"). The Members of the Obligated Group (each, a "Member") are MPM Sherman Way, MPM San Diego, MPM Santa Ana, MPM Anaheim, MPM 18120 Sherman Way and MPM Vanowen Street. See "THE BONDS" herein.

The facilities financed or refinanced with proceeds of the Bonds will be used by Magnolia Educational & Research Foundation ("MERF" or the "Lessee"), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code") for the operation of public charter schools. MERF will make payments to or at the direction of the applicable Members pursuant to the Series 2026CD Leases. For information regarding MERF generally, see "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP" attached hereto. For information regarding the facilities to be refinanced with proceeds of the Bonds, see "THE PROJECT" herein.

The Bonds will be issued in initial minimum denominations of $25,000 and any integral multiple of $5,000 in excess thereof, in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Beneficial ownership interests in the Bonds are to be sold (including secondary market transactions) only to Qualified Institutional Buyers or Accredited Investors. Pursuant to the Bond Indenture, "Qualified Institutional Buyer" means a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act. Pursuant to the Bond Indenture, Accredited Investor means an "accredited investor" as defined in Regulation D promulgated under the Securities Act. The Bond Indenture and the Bonds contain provisions limiting transfers of the Bonds and beneficial ownership interests in the Bonds to Qualified Institutional Buyers or Accredited Investors. The face of each Bond will contain a legend indicating that such Bond is subject to the transfer restrictions set forth in the Bond Indenture. See "TRANSFER RESTRICTIONS" and "CERTAIN RISK FACTORS – Purchases and Transfers of Bonds Restricted to Qualified Institutional Buyers and Accredited Investors" herein.

Authority for Issuance

The Bonds will be issued by the Authority pursuant to the Act, a resolution of the Authority, and the Bond Indenture. See "THE AUTHORITY."

Use of Proceeds

The proceeds of the Bonds will be used to (i) finance and/or refinance a portion of the costs of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of certain public charter school facilities (a) located at 18120 Sherman Way, Reseda, California 91335 (the "MSA-1 Supplemental Facility"), and (b) located at 16600 Vanowen Street, Los Angeles, California 91406 (the "MSA-2 Facility"); and (ii) pay the costs of issuance of the Bonds. A deposit in an amount of $_____* to the debt service reserve account for the Bonds is expected to be funded by proceeds of a grant pursuant to the Authority's Charter School Facilities Credit Enhancement Program. Such deposit to the debt service reserve account will be equal to the maximum annual debt service on the Bonds.* See "ESTIMATED SOURCES AND USES OF FUNDS," "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Bond Indenture – Revenue Fund – Reserve Account" and "THE PROJECT" herein.

The MSA-1 Supplemental Facility is to be used by MERF for the operation of MSA-1. The MSA-2 Facility is to be used by MERF for the operation of MSA-2. MSA-1 and MSA-2 are referred to herein collectively as, the "Series 2026CD Schools."

Security for the Bonds

The Bonds and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement, the Intercepts (as defined below), and Obligation No. 3 issued by the Borrower in an amount equal to the aggregate principal amount of the Bonds pursuant to the Master Indenture, as supplemented by the Third Supplemental Master Indenture, each by and between the Borrower, as representative of the Obligated Group, the Members and the Master Trustee.

Pursuant to and to the extent described in the Bond Indenture, the Authority assigns to the Trustee certain of the Authority's rights under the Loan Agreement, including the right to receive payments thereunder, but excluding any deposits to the Rebate Fund. [Pursuant to the Loan Agreement, the Borrower certifies that it will instruct or cause MPM 18120 Sherman Way and MPM Vanowen Street to cause MERF to make lease payments under the Series 2026CD Leases directly to the Master Trustee for deposit in the Gross Revenue Fund, except to the extent the applicable lease payments are paid through an Intercept.]

Payment of management fees to third parties by MERF will be subordinated to the obligation to pay (i) Rent under the Leases and (ii) loan repayments under School Loan Agreements. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "THE LEASES AND SCHOOL LOAN AGREEMENTS – Payment of Rent Under Leases" herein. In addition, pursuant to the Mortgage (as defined herein), MPM Sherman Way grants to the Master Trustee a first priority lien on its fee interest on the MSA-1 Facilities. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein. Pursuant to a Security Agreement by and between MPM San Diego and the Master Trustee, MPM San Diego has granted the Master Trustee a security interest in the modular buildings that constitute the MSA-SD Facilities and in its interest in the MSA-SD Lease. Pursuant to a Security Agreement by and between MPM Santa Ana and the Master Trustee, MPM Santa Ana has granted the Master Trustee a security interest in its interest in the Prior School Loan Agreement.

Parity Obligations; Prior Bonds. Obligation No. 3 is payable on parity with (a) Obligation No. 1 previously issued in the aggregate principal amount of $27,960,000 and (b) Obligation No. 2 previously issued in the aggregate principal amount of $27,960,000, each issued pursuant to the Master Indenture, as supplemented by the First Supplemental Master Indenture and Second Supplemental Master Indenture, respectively. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Master Indenture – Joint and Several Obligations of the Obligated Group but not MERF."

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Obligation No. 1 was issued in connection with the California School Finance Authority Charter School Revenue Refunding Bonds (Magnolia Public Schools – Obligated Group) Series 2025A and Series 2025B (Taxable) (collectively, the "Series 2025 Bonds"), of which an aggregate principal amount of $27,960,000 is currently outstanding, issued by the Authority pursuant to an Indenture, dated as of April 1, 2025 (the "Series 2025 Indenture"), by and between the Authority and UMB Bank, National Association, as trustee thereunder. Proceeds of the Series 2025 Bonds were loaned to the Borrower pursuant to a Loan Agreement, dated as of April 1, 2025 (the "Series 2025 Loan Agreement"), by and between the Authority and the Borrower, and acknowledged by MPM Sherman Way, MPM San Diego and MPM Santa Ana.

Obligation No. 2 was issued in connection with the California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026A and Series 2026B (Taxable) (collectively, the "Series 2026AB Bonds" and, together with the Series 2025 Bonds, the "Prior Bonds"), of which an aggregate principal amount of $17,905,000 is currently outstanding, issued by the Authority pursuant to an Indenture, dated as of March 1, 2026 (the "Series 2026AB Indenture"), by and between the Authority and UMB Bank, National Association, as trustee thereunder. Proceeds of the Series 2026AB Bonds were loaned to the Borrower pursuant to a Loan Agreement, dated as of March 1, 2026 (the "Series 2026AB Loan Agreement"), by and between the Authority and the Borrower, and acknowledged by MPM Santa Ana.

A portion of the proceeds of the Series 2025 Bonds was used to (i) refinance a portion of the costs of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of certain public charter school facilities (a) located at 18220, 18224, and 18238 Sherman Way in Reseda, California 91335 (the "MSA-1 Main Campus"), (b) located at 6525 Estrella Avenue, San Diego, California 92120 (the "MSA-SD Facilities"), (c) located at 2840 West 1st Street, Santa Ana, California 92703 (the "MSA-SA Facilities"), and (d) located at 18242-18244 Sherman Way, Reseda, California 91335 (the "MSA-1 Gym" and, together with the MSA-1 Main Campus, the "MSA-1 Facilities"); (ii) refinance all or a portion of a loan issued in connection with the MSA-1 Gym. A portion of the proceeds of the Series 2026AB Bonds was used to finance and/or refinance a portion of the costs of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of certain public charter school facilities located or to be located at 7111 Winnetka Avenue, in Winnetka, California 91306 (the "MSA-5 Facility").

MPM Sherman Way leases the MSA-1 Facilities to MERF pursuant to a Lease Agreement, dated April 1, 2025 (the "MSA-1 Facilities Lease"). MPM San Diego leases the MSA-SD Facilities to MERF pursuant to a Lease Agreement, dated April 1, 2025 (the "MSA-SD Facilities Lease" and, collectively with the MSA-1 Facilities Lease, the "Series 2025 Leases"). MPM Santa Ana has loaned certain proceeds of the Series 2025 Bonds to MERF pursuant to a Loan Agreement, dated April 1, 2025 (the "Series 2025 School Loan Agreement"). MPM Santa Ana has also loaned certain proceeds of the Series 2026AB Bonds to MERF pursuant to a Loan Agreement, dated March 1, 2026 (the "Series 2026AB School Loan Agreement" and, together with the Series 2025 School Loan Agreement, the "School Loan Agreements").

The MSA-1 Facilities are used by MERF for the operation of Magnolia Science Academy 1 ("MSA-1"). The MSA-SD Facilities are used by MERF for the operation of Magnolia Science Academy – San Diego ("MSA-SD"). The MSA-SA Facilities are used by MERF for the operation of Magnolia Science Academy – Santa Ana ("MSA-SA").

The MSA-1 Facilities, the MSA-SD Facilities, the MSA-SA Facilities, and the MSA-5 Facility are referred to herein as the "Prior Facilities" and, together with the Series 2026CD Facilities, the "Facilities."

State Intercept Program. As additional security for the Bonds, in connection with the issuance of the Bonds, MERF will provide instructions to the State Controller's Office (the "State Controller") to make apportionments (an "Intercept") to the Trustee with respect to MSA-1, MSA-2, and MSA-7, in amounts and on dates provided in a written notice (the "Intercept Notice") which amounts are expected to be sufficient in the aggregate to repay the Bonds and pay necessary and incidental costs. Funds received by the Trustee pursuant

to the Intercept will be held in trust and will be disbursed, allocated and applied solely for the uses and purposes set forth in the Bond Indenture, including if necessary, the payment of debt service on the Bonds. Under the laws of the State of California (the "State"), no party, including MERF, the Borrower or any of their respective creditors will have any claim to the money apportioned or to be apportioned to the Trustee by the State Controller pursuant to the Intercepts. Similar Intercepts with respect to each of MSA-1, MSA-SD, and MSA-SA were made in connection with the Prior Bonds. However, the Intercepts relating to MSA-5, MSA-SD and MSA-SA are effectively subordinate to similar intercepts previously implemented and related to the State's Charter School Facilities Program. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "CERTAIN RISK FACTORS – Charter School Facilities Program Intercepts" herein See also "CERTAIN RISK FACTORS – Bankruptcy" herein.

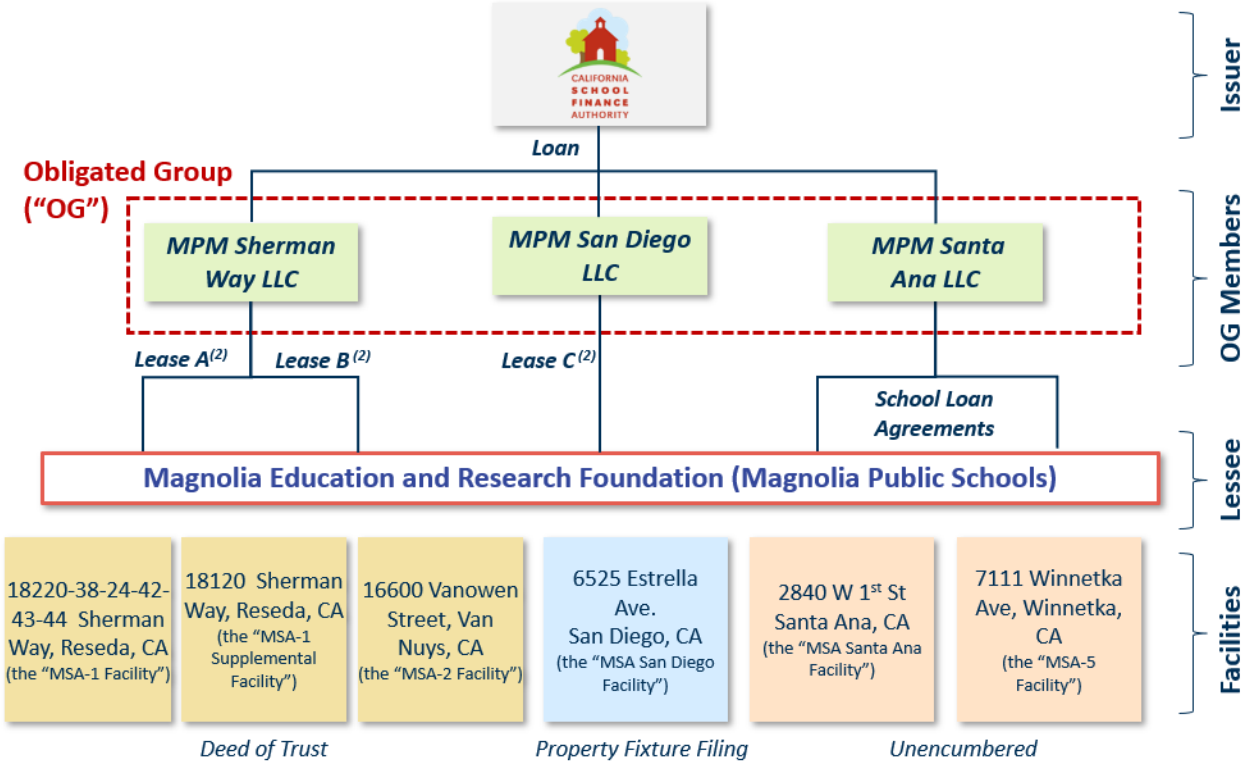
Limited Obligations. The Bonds are limited obligations of the Authority. The Authority is not obligated to advance any moneys derived from any source other than Payments (as defined below) and other assets pledged under the Bond Indenture, whether for the payment of the principal or redemption price of or interest on the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

For information regarding the Borrower, see APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP attached hereto.

Obligated Group and Related Parties. As noted above, the Borrower was formed as a support organization for MERF. The Borrower is the sole member of each Member of the Obligated Group, and it is the Representative of the Obligated Group, but the Borrower is not itself a Member of the Obligated Group. As of the date of issuance of the Bonds, the only Members of the Obligated Group are MPM Sherman Way, MPM San Diego, MPM Santa Ana, MPM 18120 Sherman Way, and MPM Vanowen Street.

The consolidated audited financial statements of MERF and its affiliates for the Fiscal Year ended June 30, 2025, are attached hereto as Appendix B, and they reflect the operations and finances of MERF, the Borrower, and their respective affiliates, including the Members of the Obligated Group, on a consolidated basis.

The following diagram indicates the relationships between the Authority, the Members of the Obligated Group, MERF and the Facilities.



(1) Each Lease and School Loan Agreement is payable from all revenues of the Lessee.

(2) Lease A refers to the MSA-1 Facilities Lease; Lease B refers to the MSA-1 Supplemental Facility Lease; and Lease C refers to the MSA SD Facilities Lease.

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The following table provides an overview of the Financed Schools, the location of the Facilities occupied or to be occupied by each Financed School, and the related Members of the Obligated Group.

School	***Member***	***Facilities***
MSA-1 (Magnolia Science Academy 1)	MPM 18120 Sherman Way	MSA-1 Supplemental Facility at 18120 Sherman Way in Los Angeles, CA 91335
MSA-2 (Magnolia Science Academy 1)	MPM Vanowen Street	MSA-2 Facility at 16600 Vanowen Street in Los Angeles, CA 91406
MSA-5 (Magnolia Science Academy 5)	MPM Santa Ana	MSA-5 Facility at 7111 Winnetka Avenue in Winnetka, CA 91306[(1)]
MSA-1 (Magnolia Science Academy 1)	MPM Sherman Way	MSA-1 Main Campus at 18220, 18224, and 18238 Sherman Way in Reseda, CA 91335
MSA-1 (Magnolia Science Academy)	MPM Sherman Way	MSA-1 Gym at 18242-18244 Sherman Way, Reseda, CA 91335
MSA-SD (Magnolia Science Academy – San Diego)	MPM San Diego	MSA-SD Facilities at 6525 Estrella Avenue, San Diego, CA 92120
MSA-SA (Magnolia Science Academy – Santa Ana)	MPM Santa Ana	MSA-SA Facilities at 2840 West 1st Street, Santa Ana, CA 92703[(2)]

(1) The MSA-5 Facility is owned by MERF and largely financed with State funding received under the Charter School Facilities Program. The MSA-5 Facility does not secure MPM Santa Ana's obligations under the Master Indenture and the Obligations issued pursuant thereto. See "CERTAIN RISK FACTORS – No Fee Interest in Certain Facilities." A portion of the costs of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of the MSA-5 Facility is being financed through grants and loans obtained through the State's Charter School Facilities Program, and through proceeds of the Authority's Charter School Grant Anticipation Notes (Magnolia Public Schools) Series 2025. See "INTRODUCTION – Grant Anticipation Note Financing."

(2) The MSA-SA Facilities are owned by MERF and were financed with State funding received under the Charter School Facilities Program. The MSA-SA Facilities do not secure MPM Santa Ana's obligations under the Master Indenture and the Obligations issued pursuant thereto. See "CERTAIN RISK FACTORS – No Fee Interest in Certain Facilities."

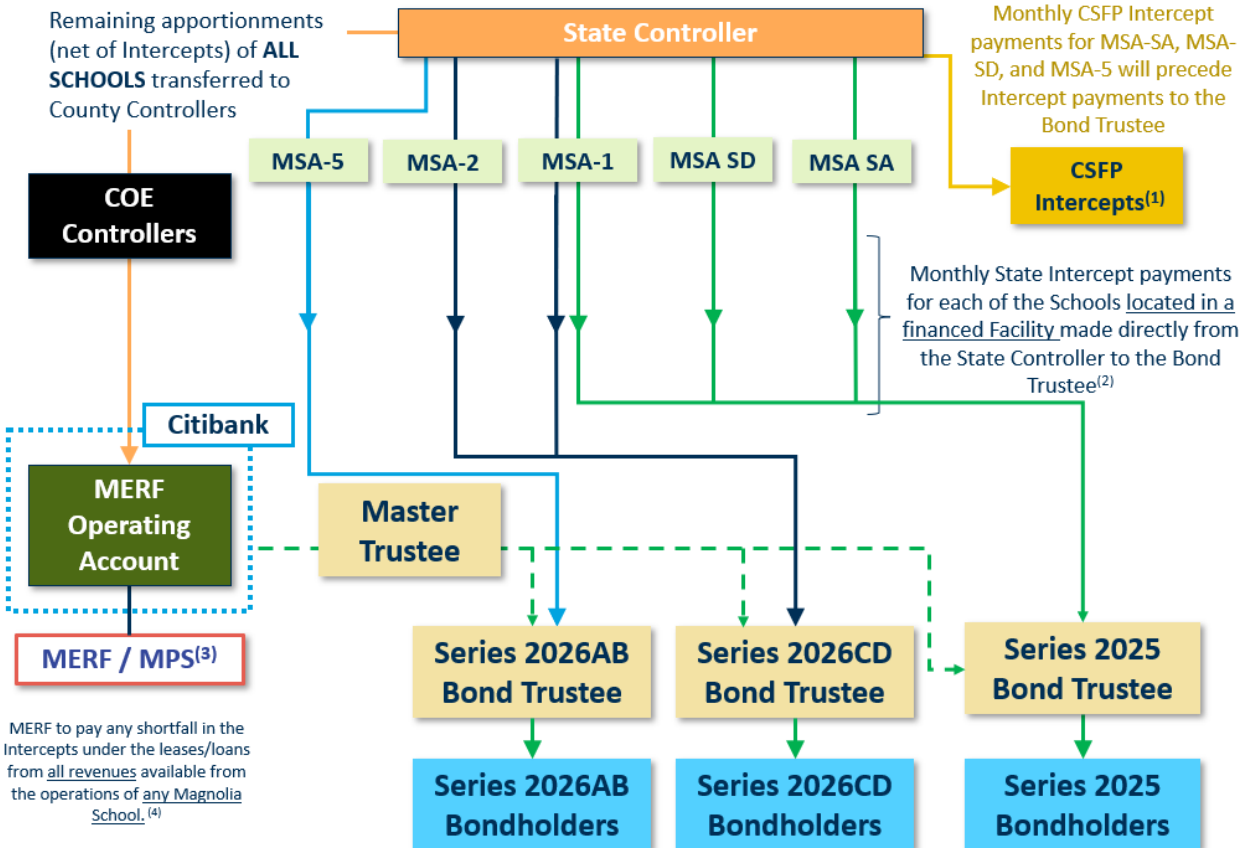
See " – Facilities" below and "THE PROJECT" herein for more information on the Facilities, and APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP attached hereto for more information on the Schools.

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Flow of Funds

The following figure summarizes the sources of payment of Rent and loan repayments, respectively, under the Leases and the School Loan Agreements, and the sources of payment of Loan Repayments due under the Loan Agreement and the Series 2025 Loan Agreement, each representing the source of payment of debt service on the Bonds.

FLOW OF FUNDS



(1) Intercepts for repayment to the State of funding received under the Charter School Facilities Program have been established for both MSA-SA and MSA-SD and will be established for MSA-5. See "CERTAIN RISK FACTORS – Charter School Facilities Program Intercepts" herein.

(2) MERF holds the charters for each of the Financed Schools and serves as the tenant under each Lease and the borrower under each School Loan Agreement. Rent under each Lease, and loan repayments under the School Loan Agreements, are payable from the revenues of MERF, generally. See "THE LEASES AND SCHOOL LOAN AGREEMENTS" herein.

(3) To the extent amounts received by the Trustee pursuant to the Intercepts are insufficient to satisfy MERF's scheduled obligations under the Leases and the School Loan Agreements, MERF will pay any shortfall from all revenues available from the operations of any Magnolia School.

(4) See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Master Indenture" and "THE LEASES AND SCHOOL LOAN AGREEMENTS" herein.

Facilities

The following table summarizes the Facilities. Note that the fee interest of MPM Sherman Way in the MSA-1 Facilities secures its obligations under the Master Indenture pursuant to a mortgage executed and delivered in connection with the Prior Bonds, while the obligations of MPM San Diego and MPM Santa Ana under the Master Indenture are also secured by security agreements executed and delivered in connection with

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the Prior Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Mortgages and Security Agreements."

THE FACILITIES

	Location of Facility	*Description of Facility*[1]
MSA-1 Supplemental Facility	18120 Sherman Way, Los Angeles, California 91335	An existing building of approximately 14,163 square feet on a site of approximately 1.06 acres, including associated surface parking facilities.
MSA-2 Facility	16600 Vanowen Street, Los Angeles, California 91406	Approximately 4.32 acres of land including six tennis courts, paved parking facilities, as well as undeveloped land.
MSA-5 Facility	7111 Winnetka Avenue in Winnetka, California 91306	Grades 6-12 campus comprising an academic building of approximately 42,000 square feet and a gymnasium of approximately 7,850 square feet. Includes 17 standard DSA classrooms, seminar and breakout space and a robotics laboratory together with related facilities expected to accommodate enrollment of up to 453 students.
MSA-1 Facilities	18220, 18224, 18238 and 18242-18244 Sherman Way, Reseda, California 91335	Grades 6-12 campus comprising an academic building of approximately 57,000 square feet and a gymnasium of approximately 7,500 square feet. Includes 41 classrooms together with related facilities and can accommodate enrollment of up to 925 students.
MSA-SD Facilities[2]	6525 Estrella Avenue, San Diego, California 92120	Grades 6-8 campus comprising approximately 20,500 square feet of building space consisting of modular buildings. Includes 18 classrooms and can accommodate enrollment of up to 450 students.
MSA-SA Facilities[3]	2840 West 1st Street, Santa Ana, California 92703	Transitional Kindergarten through grade 12 campus comprising a total of approximately 57,000 square feet of building space consisting of an academic building and separate gymnasium. Includes 35 classrooms and can accommodate enrollment of up to 750 students.

(1) MPM Santa Ana does not hold title to land underlying the MSA-5 Facility. MERF holds fee title to such land.
(2) MPM San Diego does not hold title to land underlying the MSA-SD Facilities. MERF has use of such land pursuant to a shared use agreement between MERF and the San Diego Unified School District.
(3) MPM Santa Ana does not hold title to land underlying the MSA-SA Facilities. MERF holds fee title to such land.
Source: The Borrower.

Grant Anticipation Note Financing

On April 17, 2025, the Authority issued its Charter School Grant Anticipation Notes (Magnolia Public Schools) Series 2025 (the "Grant Anticipation Notes"), in the principal amount of $29,500,000 pursuant to that certain Indenture, dated as of April 1, 2025 (the "Note Indenture"), by and between the Authority and UMB Bank, National Association, as trustee (the "Notes Trustee"). The proceeds of the sale of the Grant Anticipation Notes were loaned to the Borrower pursuant to that certain Loan Agreement, dated as of April 1, 2025 (the "Note Loan Agreement"), by and between the Authority and the Borrower, and such proceeds were loaned by the Borrower to MERF pursuant to a loan agreement, dated as of April 1, 2025 (the "Grant Anticipation Note Loan Agreement", in order to finance a portion of the costs of construction of the MSA-5 Facility.

The State Allocation Board previously approved a preliminary apportionment for MERF in the amount of $50,832,322 from the State's Charter School Facility Program, for the purpose of financing a portion of the acquisition and construction of the MSA-5 Facility. The original amount of the preliminary apportionment was based in part on an assumed escalation factor for project costs, which has since been revised downward by the State. MERF now expects that the total apportionment to be received for the Project under the Charter School Facility Grant Program will be $49,878,660. To date, MERF has received the amount of $13,832,733 in the form of an advance apportionment. Upon satisfaction of the applicable requirements of the Charter School Facility Program, the Lessee expects to receive an additional amount of the

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preliminary apportionment equal to $36,045,927 (the "CSFP Award"). Of the total $49,878,660 expected to be received in respect of the Project, 50% will be in the form of a grant, and the remaining 50% will be in the form of a loan to be repaid to the State over a period of thirty years through the State Intercept Program. See "CERTAIN RISK FACTORS – Charter School Facilities Program Intercepts" and " – Additional Indebtedness and Additional School Indebtedness" herein.

The Grant Anticipation Notes and the interest thereon are payable solely out of certain revenues and income received by the Authority or the trustee for such Grant Anticipation Notes pursuant to the Note Loan Agreement. The Borrower's obligations under the Note Loan Agreement are payable only from certain revenues it receives from MERF under the Grant Anticipation Note Loan Agreement, which consist solely of the CSFP Award. The CSFP Award is not a source of revenue for payment of the Bonds, the Borrower's obligations under the Loan Agreement, nor for the obligations of the Members under the Master Indenture or the Obligations issued pursuant thereto. See "APPENDIX E – CHARTER SCHOOL FACILITIES PROGRAM AND AWARD FUNDING." No lien on the MSA-5 Facility secures MERF's obligations under the Grant Anticipation Note Loan Agreement or the MSA-5 School Loan Agreement, or the Borrower's obligations under the Note Loan Agreement or the Loan Agreement. See "CERTAIN RISK FACTORS – No Fee Interest in Certain Facilities."

Redemption

The Bonds will be subject to extraordinary optional redemption, optional redemption, extraordinary mandatory redemption, and mandatory sinking fund redemption as described below under "THE BONDS – Redemption" herein.

Certain Risk Factors

The Bonds may not be a suitable investment for all investors. Prospective purchasers of the Bonds should read this entire Limited Offering Memorandum, including the appendices and the information under the section "CERTAIN RISK FACTORS" before making an investment in the Bonds.

Limited Offering of Bonds

The Bonds are to be offered and sold (including in secondary market transactions) only to Qualified Institutional Buyers or Accredited Investors. The Bond Indenture under which the Bonds will be issued contains provisions limiting transfers of the Bonds and beneficial ownership interests in the Bonds only to Qualified Institutional Buyers or Accredited Investors. In addition, the face of each Bond will contain a legend indicating that it is subject to transfer restrictions as set forth in the Bond Indenture.

Each purchaser of any Bond or ownership interest therein will be deemed to have acknowledged, represented, warranted, and agreed with and to the Authority, the Borrower, the Underwriter and the Trustee as follows:

1. That the Bonds are payable solely from certain revenues derived by the Authority under the Loan Agreement from amounts received by the Trustee pursuant to the Intercepts, and from certain funds and accounts established and maintained pursuant to the Bond Indenture;

2. That it is a Qualified Institutional Buyer or an Accredited Investor and that it is purchasing the Bonds for its own account and not with a view to, or for offer or sale in connection with any distribution thereof in violation of the Securities Act or other applicable securities laws;

3. That the Bonds (a) have not been registered under the Securities Act and are not registered or otherwise qualified for sale under the "blue sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, and (c) may not be readily marketable;

4. That none of the Authority or any of its Board members, officers or employees takes any responsibility for, and the purchaser is not relying upon any such parties with respect to the information appearing anywhere in this Limited Offering Memorandum, other than the information under the headings "THE AUTHORITY," and "ABSENCE OF MATERIAL LITIGATION – The Authority," and that none of such parties have participated in the preparation of this Limited Offering Memorandum;

5. That the Bonds and beneficial ownership interests therein may only be transferred to Qualified Institutional Buyers or Accredited Investors; and

6. That the Authority, the Borrower, MERF, the Trustee, the Underwriter and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

Subsequent transferees of the Bonds are limited only to "Qualified Institutional Buyers" or "Accredited Investors." Each subsequent transferee of the Bonds will be deemed to have represented and warranted that it (i) is a Qualified Institutional Buyer or Accredited Investor, as applicable, and (ii) is acquiring such Bond for its own account or for the account of Qualified Institutional Buyer or an Accredited Investor, as the case may be, and not with a view to the further distribution thereof, though it may expressly reserve the right to re-sell such Bond.

See "TRANSFER RESTRICTIONS" herein.

Miscellaneous

This Limited Offering Memorandum contains brief descriptions of, among other things, the Bonds, the Bond Indenture, the Loan Agreement, the Leases, the School Loan Agreements, the Master Indenture, the Third Supplemental Master Indenture, Obligation No. 3, the Borrower, the Members and the Schools. All references in this Limited Offering Memorandum to documents are qualified in their entirety by reference to such documents, and references to the Bonds are qualified in their entirety by reference to the form of the Bonds included in the Bond Indenture. MERF maintains a website and social media accounts providing additional information about itself and its operations. The information on such website and such social media accounts is not included as part of, or incorporated by any reference in, this Limited Offering Memorandum. Any capitalized terms in this Limited Offering Memorandum that are not defined herein will have such meaning as given to them in the Bond Indenture.

THE AUTHORITY

The Authority is a public instrumentality of the State of California created pursuant to provisions of the Act. The Authority is authorized to issue the Bonds under the Act and to make the loan contemplated by the Loan Agreement and to secure the Bonds by a pledge of the Payments and certain other funds and accounts as provided in the Bond Indenture.

THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds for the complete text thereof and to the Bond Indenture for all of the provisions relating to the Bonds. The discussion herein is qualified by such reference.

General

The Bonds are being issued pursuant to the Bond Indenture in the aggregate principal amount set forth on the cover of this Limited Offering Memorandum. The Bonds will initially be delivered as registered Bonds in minimum denominations of $25,000 and any integral multiple of $5,000 in excess thereof ("Authorized Denominations"), and will be transferable and exchangeable only as set forth in the Bond Indenture and as

described herein. See "TRANSFER RESTRICTIONS" herein. The Bonds will be dated the date of issuance and will bear interest at the rates set forth on the inside cover page hereof from their dated date. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable in arrears on each Interest Payment Date. The Bonds will mature in the amounts and in each of the years as set forth on the inside cover page hereof.

The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of DTC, and will be evidenced by one Bond for each maturity of a series in the total aggregate principal amount of the Bonds of such maturity. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as set forth in the Bond Indenture. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders, holders or registered owners will mean Cede & Co. as aforesaid and will not mean the "beneficial owners" of the Bonds.

The principal and redemption price of and interest on the Bonds will be payable in lawful money of the United States of America upon surrender at the principal corporate trust office of the Trustee. The interest on any Bond will be payable to the person whose name appears on the registration books of the Trustee as the registered owner thereof as of the close of business on the fifteenth day of the calendar month immediately preceding the Interest Payment Date (the "Record Date"), such interest to be paid by check mailed by first class mail, postage prepaid, on the Interest Payment Date, to the registered owner at his or her address as it appears on such registration books. Notwithstanding the foregoing, however, any Holder of $1,000,000 or more in an aggregate principal amount of the Bonds will be entitled to receive payments of interest on the Bonds held by it by wire transfer of immediately available funds to such bank or trust company located within the United States of America as such Holder will designate in writing to the Trustee by the applicable Record Date for such payment. So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable in same day funds by the Trustee to Cede & Co., as nominee for DTC.

Any interest not punctually paid or duly provided for will thereafter cease to be payable to the Bondholder on such Record Date and will be paid to the person in whose name the Bond is registered at the close of business on the date established by the Trustee pursuant to the Bond Indenture as a record date for the payment of defaulted interest on the Bonds (the "Special Record Date"). The Special Record Date will be fixed by the Trustee, notice thereof being given to the Bondholders not less than 10 days prior to such Special Record Date.

Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities without coupons in Authorized Denominations. The Bonds will be registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of a Series of Bonds set forth on the inside cover of this Limited Offering Memorandum, and will be deposited with DTC. For additional information regarding DTC and its book-entry only system, see "APPENDIX G – BOOK-ENTRY SYSTEM" herein.

Transfer of Bonds

Beneficial ownership interests in the Bonds may not be purchased by, or transferred to, any person except a Qualified Institutional Buyer or an Accredited Investor. The registration of any Bond may, in accordance with its terms, be transferred upon the books required to be kept by the Trustee, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee will require the Holder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer, and there shall be no other charge to any Holder for any such transfer. The Trustee will not be required to register the transfer of any Bond which has

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been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in the Bond Indenture or during the period established by the Trustee for selection of Bonds for redemption. The Bonds are subject to certain transfer restrictions under the Bond Indenture, as described herein under "TRANSFER RESTRICTIONS."

Exchange of Bonds

Bonds may be exchanged at the principal corporate trust office of the Trustee for a like series and aggregate principal amount of the Bonds of the same maturity of other Authorized Denominations. The Trustee will require the payment by the Holder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange, and there will be no other charge to any Holder for any such exchange. No exchange of Bonds will be required to be made during the period established by the Trustee for selection of Bonds for redemption and after a Bond has been selected for redemption.

Redemption[*]

Optional Redemption. The Series 2026C Bonds maturing on or after July 1, 20__ are subject to redemption prior to their respective stated maturities, at the option of the Borrower, from any amounts in the Redemption Fund, in whole or in part on any date on or after July 1, 20__, at a redemption price equal to 100% of the principal amount of Series 2026C Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium. The Series 2026D Bonds are not subject to optional redemption prior to their respective stated maturities.

Extraordinary Optional Redemption from Insurance and Condemnation Proceeds. The Bonds are subject to redemption prior to their stated maturity, at the option of the Borrower, in whole or in part, on any date from moneys required to be transferred from the Insurance and Condemnation Proceeds Fund to the Special Redemption Account at a redemption price equal to the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, plus an amount equal to the unamortized portion of the net original issue premium thereon interpolated on a straight-line basis.

Extraordinary Optional Redemption Relating to Revocation or Non-Renewal of School Charter. The Bonds are subject to redemption in part prior to their stated maturity, on any date, at the option of the Borrower, in the event the charter of any Financed School is revoked or not renewed by its authorizer and such Financed School has no further appeal rights, at a redemption price equal to the principal amount thereof together with interest accrued thereon to the date fixed for redemption, plus an amount equal to the unamortized portion of the net original issue premium thereon interpolated on a straight-line basis.

Extraordinary Mandatory Redemption Due to Prohibited Use. The Bonds are subject to redemption prior to their stated maturity, as a whole or in part, on any date from Loan prepayments made by the Borrower in the event the Project is used or operated in any manner that violates the provisions of the Act, at a redemption price equal to the principal amount thereof together with interest accrued thereon to the date fixed for redemption, plus an amount equal to the unamortized portion of the net original issue premium thereon interpolated on a straight-line basis, on the earliest date for which notice of redemption can reasonably be given in accordance with the Bond Indenture.

Mandatory Sinking Fund Redemption. The Bonds are subject to redemption prior to their respective stated maturities in part, by lot, from Mandatory Sinking Account Payments pursuant to the Bond Indenture. Subject to the terms and conditions set forth in the Bond Indenture, the Term Bonds will be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the following amounts and on the following dates:

[*] Preliminary, subject to change.

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The Series 2025A Term Bonds maturing July 1, 20__, that are issued in an initial principal amount of $_____[*]:

Series 2026C Term Bonds Maturing
July 1, 20__

Mandatory Redemption Date	***Principal Amount***
July 1, 20__	
July 1, 20__	
July 1, 20__	
July 1, 20__	
July 1, 20__	
July 1, 20__	
July 1, 20__ [†]	

[†] Maturity Date.

The Series 2026C Term Bonds maturing July 1, 20__, that are issued in an initial principal amount of $_____[*]:

Series 2026C Term Bonds Maturing
July 1, 20__

Mandatory Redemption Date	***Principal Amount***
July 1, 20__	
July 1, 20__	
July 1, 20__	
July 1, 20__	
July 1, 20__	
July 1, 20__	
July 1, 20__ [†]	

[†] Final Maturity Date.

[*] Preliminary, subject to change.

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The Series 2026D Term Bonds maturing July 1, 20__ that are issued in an initial principal amount of $_____[*]:

Series 2026D Term Bonds Maturing
July 1, 20__

Mandatory Redemption Date	*Principal Amount*
July 1, 20__	
July 1, 20__	
July 1, 20__	
July 1, 20__	
July 1, 20__	
July 1, 20__	
July 1, 20__ [†]	

[†] Maturity Date.

Notice of Redemption. In connection with the redemption of Bonds (other than mandatory sinking fund redemption) the Borrower will give written notice of redemption to the Trustee (with a copy to the Authority) not less than 35 days prior to the redemption date (or such shorter notice as the Trustee may approve in writing). Notice of redemption of any Bonds will be given by the Trustee upon such written request of the Borrower. Notice of any redemption of Bonds will be mailed postage prepaid, by the Trustee not less than 30 nor more than 60 days prior to the redemption date by first class mail to the respective Holders thereof at the addresses appearing on the Bond registration books described in the Bond Indenture. Each notice of redemption will contain all of the following information: (a) the date of such notice; (b) the name of the Bonds and the date of issue of the Bonds; (c) the redemption date; (d) the redemption price; (e) the dates of maturity of the Bonds to be redeemed; (f) if less than all of the Bonds of any maturity are to be redeemed, the distinctive numbers of the Bonds of each maturity to be redeemed; (g) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (h) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (i) a statement that such Bonds must be surrendered by the Holders at the principal corporate trust office of the Trustee, or at such other place or places designated by the Trustee; (j) a statement that such redemption is conditioned upon the receipt by the Trustee, on or prior to the redemption date, of moneys sufficient to pay the redemption price or upon the happening of such other event as shall be specified therein, and if such moneys are not so received said notice will be rescinded and the redemption will be cancelled; (k) a statement that any such redemption notice can be rescinded as provided in the Bond Indenture; and (l) notice that further interest on such Bonds, if any, will not accrue from and after the designated redemption date.

Such redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers provided therein or on the Bonds. If money is not received or if such other event has occurred or failed to occur (as the case may be) as described in clause (j) above, the Trustee, within a reasonable time after the date on which such redemption was to occur, is required to give notice to the persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there will be no redemption of the Bonds pursuant to the notice of redemption. Failure of the Trustee to give such notice of redemption or any defect therein will not in any way impair or affect the validity of the proceedings for redemption.

Effect of Notice. A certificate of the Trustee or the Borrower that notice of call and redemption has been given to Holders and as may be further required in the Continuing Disclosure Agreement as provided in the Bond Indenture will be conclusive as against all parties. The actual receipt by the Holder of any Bond or

[*] Preliminary, subject to change.

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any other party of notice of redemption will not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, will not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest, if any, on the date fixed for redemption.

When notice of redemption has been given as provided for in the Bond Indenture, and when the redemption price of the Bonds called for redemption is on deposit or otherwise available to the Trustee, the Bonds designated for redemption will become due and payable on the specified redemption date and interest, if any, will cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds will be redeemed and paid at the redemption price thereof out of the money provided therefor. The Holders of such Bonds so called for redemption after such redemption date will look for the payment of such Bonds and the redemption premium thereon, if any, only to the fund established for such purpose. All Bonds redeemed will be cancelled forthwith by the Trustee and will not be reissued.

Right to Rescind Notice. Upon written notice from the Borrower that the Borrower has cured the conditions that caused the Bonds to be subject to extraordinary redemption, the Borrower may rescind any extraordinary redemption and notice thereof on any date prior to the date fixed for redemption by causing the Trustee to send written notice of the rescission to the Holders of the Bonds so called for redemption. Notice of rescission of redemption is required to be given in the same manner in which notice of redemption was originally given. The actual receipt by the Holder of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Funds for Redemption. Prior to or on the redemption date of any Bonds there are required to be available in the Redemption Fund, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the premiums payable as provided in the Bond Indenture, the Bonds designated in said notice of redemption. Such monies so set aside in the Redemption Fund or in the escrow fund established for such purpose are required to be applied on or after the redemption date solely for payment of principal of and premium, if any, on the Bonds to be redeemed upon presentation and surrender of such Bonds, provided that all monies in the Redemption Fund are required to be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date is required to be paid from the Redemption Fund, unless otherwise provided for to be paid from an escrow fund established for such purpose. If, after all of the Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the Redemption Fund or otherwise held in trust for the payment of redemption price of the Bonds, said monies are required to be held in or returned or transferred to the Redemption Fund for payment of any outstanding Bonds of the Borrower payable from said fund; provided, however, that if said monies are part of the proceeds of refunding Bonds of the Borrower, said monies are required to be transferred to the fund created for the payment of principal of and interest on such Bonds. If no such refunding Bonds of the Borrower are at such time outstanding, said monies are required to be transferred to the Borrower as provided and permitted by law.

Selection of Bonds for Redemption. When any redemption is made pursuant to any of the provisions of the Bond Indenture and less than all of the Outstanding Bonds are to be redeemed, the Trustee shall select the Bonds to be redeemed from the Outstanding Bonds not previously called for redemption, by lot within a maturity and, if from more than one maturity, in inverse order of maturity or in such other order of maturity as shall be specified in a request of the Borrower.

In no event shall Bonds be redeemed in amounts other than whole multiples of Authorized Denominations. For purposes of redeeming Bonds in denominations greater than minimum Authorized Denominations, the Trustee shall assign to such Bonds a distinctive number for each such principal amount and, in selecting Bonds for redemption by lot, shall treat such amounts as separate Bonds. The Trustee shall promptly notify the Authority and the Borrower in writing of the numbers of the Bonds selected for redemption.

"Outstanding" under the Bond Indenture means all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Bond Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with the Bond Indenture; and (c) Bonds for the transfer or exchange of which, or in lieu of or in substitution for which, other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Bond Indenture.

Defeasance

Discharge of Bond Indenture. Bonds may be paid or caused to be paid in any of the following ways, provided that any other sums payable under the Bond Indenture have also been paid or caused to be paid: (a) by paying or causing to be paid the principal of and interest on the Bonds Outstanding as and when the same become due and payable; (b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount to pay or redeem Bonds Outstanding; or (c) by delivering to the Trustee, for cancellation by it, all Bonds Outstanding.

If all Bonds then Outstanding are paid or caused to be paid as provided above and all other sums payable under the Bond Indenture shall also be paid or caused to be paid, and if the Borrower has paid all Additional Payments and any indemnification owed to the Authority and any other fees and expenses payable to the Authority pursuant to the Loan Agreement, then and in that case, at the election of the Borrower (evidenced by a Certificate of the Borrower, filed with the Trustee, signifying the intention to discharge all such indebtedness and the Bond Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Bond Indenture and the pledge of Payments made under the Bond Indenture and all covenants, agreements and other obligations of the Authority under the Bond Indenture will cease, terminate, become void and be completely discharged and satisfied, except only as provided in the Bond Indenture. In such event, upon request of the Borrower, the Trustee is required to cause an accounting for such period or periods as may be requested by the Borrower to be prepared and filed with the Borrower and shall execute and deliver to the Borrower all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee is required to pay over, transfer, assign or deliver to the Borrower all moneys or securities or other property held by it pursuant to the Bond Indenture which are not required for the payment of Bonds not theretofore surrendered for such payment and which are not required for the payment of fees and expenses of the Trustee.

Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount to pay any Outstanding Bond, whether upon or prior to its maturity, then all liability of the Authority in respect of such Bond will cease, terminate and be completely discharged, except only that thereafter the Holder thereof will be entitled to payment of the principal of and interest on such Bond, but only out of the money or securities deposited with the Trustee as aforesaid for its payment; provided further, however, that the provisions of " – Payment of Bonds after Discharge of Bond Indenture" hereinafter will apply in all events.

The Bonds may at any time be surrendered to the Trustee for cancellation by the Authority or the Borrower, which may have been acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

Deposit of Money or Securities with Trustee. Whenever in the Bond Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the amount necessary to pay any Bonds, such amount (which may include money or securities held by the Trustee in the funds established pursuant to the Bond Indenture) will be equal (taking into account income which will accrue from the investment thereof on the date of deposit of such funds but without taking into account any income from the subsequent reinvestment thereof) to the principal amount of such Bonds and all unpaid interest thereon to maturity, and will be: (a) lawful money of the United States of America; or (b) noncallable bonds, bills and bonds issued by the Department of the Treasury (including without limitation (1) obligations issued

or held in book-entry form on the books of the Department of the Treasury and (2) the interest component of Resolution Funding Corporation strips for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form), United States Treasury Obligations State and Local Government Series and Zero Coupon United States Treasury Bonds; provided, in each case, that the Trustee will have been irrevocably instructed in writing (by the terms of the Bond Indenture or by request of the Borrower or the Authority) to apply such money to the payment of such principal of and interest on such Bonds and provided, further, that the Authority and the Trustee will have received (i) an Opinion of Bond Counsel to the effect that such deposit will not cause interest on the Tax Exempt Bonds to be included in the gross income of the holder thereof for federal income tax purposes and that the Bonds to be discharged are no longer Outstanding; and (ii) a verification report of a firm of certified public accountants or other financial services firm acceptable to the Trustee verifying that the money or securities so deposited or held together with earnings thereon will be sufficient to make all payments of principal of and interest on the Bonds to be discharged to and including their maturity date.

Payment of Bonds after Discharge of Bond Indenture. Notwithstanding any provision of the Bond Indenture, and subject to applicable escheat laws, any moneys held by the Trustee in trust for the payment of the principal of or interest on any Bonds and remaining unclaimed for one year after the principal of all the Outstanding Bonds has become due and payable (whether at maturity or by declaration as provided in the Bond Indenture), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, will be repaid to the Borrower free from the trusts created by the Bond Indenture, and all liability of the Trustee with respect to such moneys will thereupon cease; provided, however, that before the repayment of such moneys to the Borrower as aforesaid, the Trustee may (at the expense of the Borrower) first mail to the holders of Bonds which have not yet been paid, at the addresses shown on the registration books maintained by the Trustee, a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Borrower of the moneys held for the payment thereof.

TRANSFER RESTRICTIONS

The Bonds are to be offered and sold (including in secondary market transactions) only to Qualified Institutional Buyers or Accredited Investors. The foregoing limitation will cease to apply (without notice to or consent of any Bondholder) upon and after receipt by the Trustee from the Borrower of a rating letter by Fitch, S&P or Moody's indicating that the Bonds are rated "A-" or "A3," as applicable, or better. The Trustee will as soon as practicable, but in no event more than ten calendar days after receipt by the Trustee of such information, notify each Bondholder that (i) the restrictions set forth in the Bond Indenture requiring that the Beneficial Owners of the Bonds be Qualified Institutional Buyers or Accredited Investors will be of no further force or effect and (ii) the Authorized Denominations of the Bonds will be $5,000 and any multiple in excess thereof. Pursuant to the Bond Indenture, "Qualified Institutional Buyer" means a "qualified institutional buyer" as defined in Rule 144A promulgated under the Securities Act. Pursuant to the Bond Indenture, "Accredited Investor" means an "accredited investor" as defined in Regulation D promulgated under the Securities Act.

In addition, the face of each Bond will contain a legend indicating that it is subject to transfer restrictions as set forth in the Bond Indenture. See "CERTAIN RISK FACTORS – Purchases and Transfers of Bonds Restricted to Qualified Institutional Buyers and Accredited Investors" herein.

ESTIMATED SOURCES AND USES OF FUNDS*

The following table sets forth the estimated sources and uses of funds related to the Bonds.

	Series 2026C	*Series 2026D*	*CSFA Grant*	*Total*
Sources:				
Bond Principal				
Original Issue [Premium/Discount]				
Grant Proceeds(1)				
Total Sources:				
Uses:				
Project Costs(2)				
Deposit to Reserve Account(3)				
Costs of Issuance(4)				
Total Uses				

(1) Grant pursuant to the Authority's Charter School Facilities Credit Enhancement Program, for deposit in the Grant-Funded Reserve Subaccount. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Bond Indenture – Revenue Fund – Reserve Account" herein.
(2) See "THE PROJECT" below.
(3) Equal to the maximum annual debt service on the Bonds.*
(4) Includes legal, printing, underwriting discount and other professional fees and other miscellaneous costs of issuance.

THE PROJECT

The proceeds of the Bonds will be used to (i) finance and/or refinance a portion of the costs of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of the Series 2026CD Facilities; and (ii) pay the costs of issuance of the Bonds.

See "ESTIMATED SOURCES AND USES OF FUNDS" herein. A deposit of $_____* to a debt service reserve account for the Bonds is expected to be funded by proceeds of a grant pursuant to the Authority's Charter School Facilities Credit Enhancement Program. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Bond Indenture – Revenue Fund – Reserve Account" herein.

Refunding of Prior Obligations

A portion of the proceeds of the Bonds will be used to refinance obligations incurred in relation to the acquisition of the Series 2026CD Facilities as follows.

MSA-1 Supplemental Facility. The initial acquisition of the MSA-1 Facility by MERF was financed by a loan in the amount of $7,825,000 (the "Prior MSA-1 Supplemental Facility Loan") from CLI Capital, a Texas real estate investment trust ("CLI Capital"), made pursuant to that certain Loan Agreement, dated as of January 23, 2025 (the "Prior MSA-1 Supplemental Facility Loan Agreement"), between CLI and MERF, relating to the MSA-1 Supplemental Facility. The Prior MSA-1 Supplemental Facility Loan is subject to prepayment on the date of issuance of the Bonds.

Upon the issuance of the Bonds, (a) a portion of the proceeds thereof will be transferred to CLI Capital in an amount sufficient to pay all outstanding principal of and interest on the Prior MSA-1

* Preliminary, subject to change.

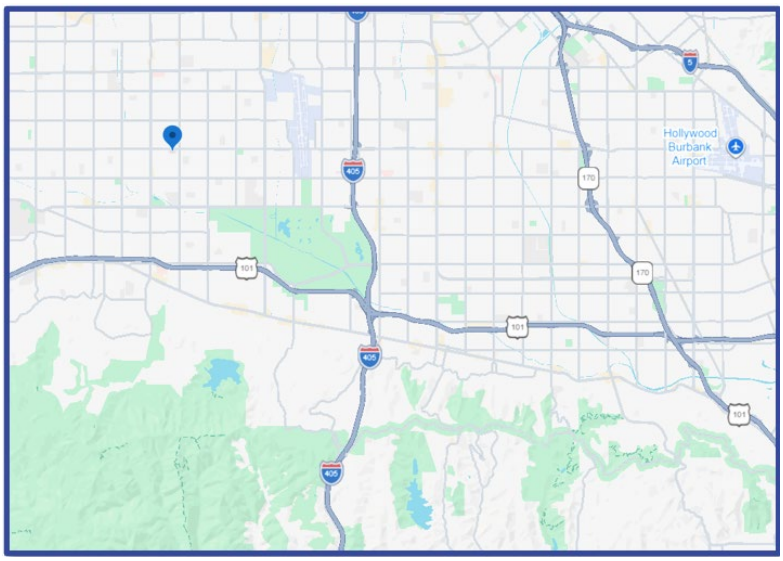
Supplemental Facility Loan on such date, discharging all obligations of MERF under the Prior MSA-1 Supplemental Facility Loan Agreement, (b) MERF will transfer title of the MSA-1 Supplemental Facility to MPM 18120 Sherman Way, and (c) MPM 18120 Sherman Way will lease the MSA-1 Supplemental Facility to MERF pursuant to that certain lease agreement, dated as of November 1, 2026, by and between MPM 18120 Sherman Way and MERF relating to the MSA-1 Supplemental Facility (the "MSA-1 Supplemental Facility Lease"). See "THE LEASES AND SCHOOL LOAN AGREEMENTS" herein.

MSA-2 Facility. The initial acquisition of the MSA-1 Facility by MPM Vanowen Street was financed by a loan in the amount of $12,000,000 (the "Prior MSA-2 Facility Loan") from CLI Capital made pursuant to that certain Loan Agreement, dated as of February 27, 2023 (the "Prior MSA-2 Facility Loan Agreement"), between CLI and MPM Vanowen Street, relating to the MSA-2 Facility. The Prior MSA-2 Facility Loan is subject to prepayment on the date of issuance of the Bonds.

Upon the issuance of the Bonds, (a) a portion of the proceeds thereof will be transferred to CLI Capital in an amount sufficient to pay all outstanding principal of and interest on the Prior MSA-2 Facility Loan on such date, discharging all obligations of MPM Vanowen Street under the Prior MSA-2 Facility Loan Agreement, and (b) MPM Vanowen Street will lease the MSA-2 Facility to MERF pursuant to that certain lease agreement, dated as of November 1, 2026, by and between MPM Vanowen Street and MERF relating to the MSA-2 Facility (the "MSA-2 Facility Lease"). See "THE LEASES AND SCHOOL LOAN AGREEMENTS" herein.

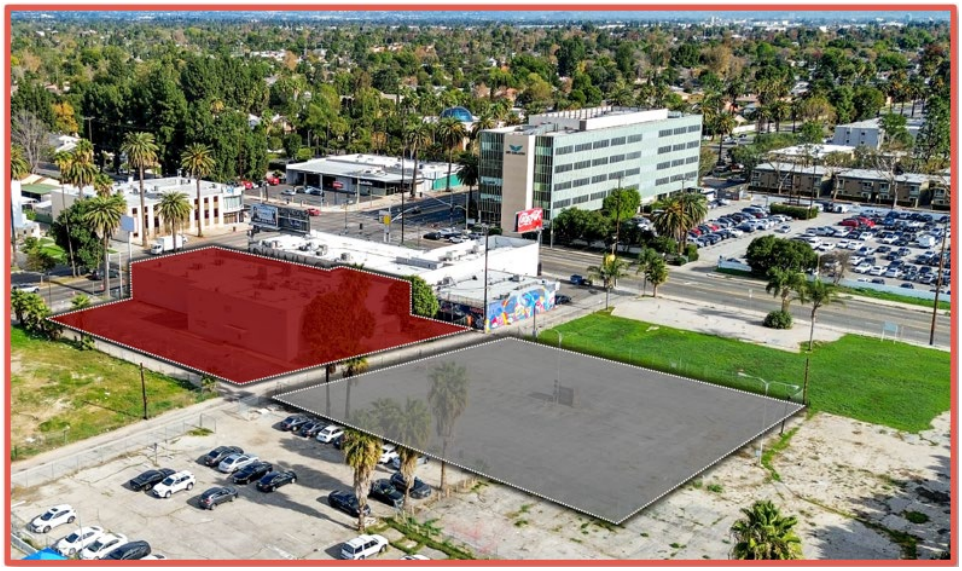
Series 2026CD Facilities

MSA-1 Supplemental Facility. The MSA-1 Supplemental Facility consists of an existing building of approximately 14,163 square feet on a site of approximately 1.06 acres, including associated surface parking facilities located at 18120 Sherman Way in Reseda, California, less than one block away from the current campus of MSA-1.



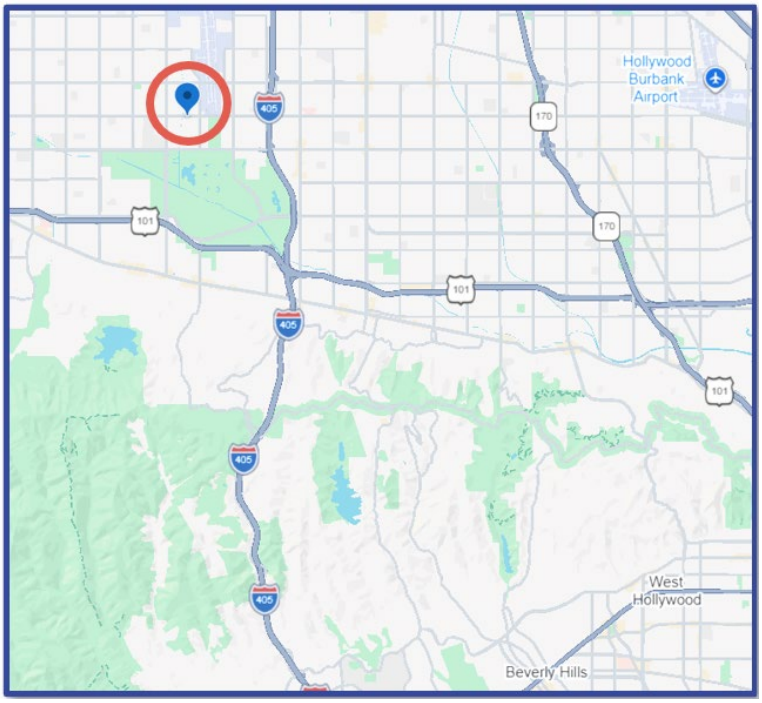
Approximate location of MSA-1 Supplemental Facility

MERF intends to make use of the MSA-1 Supplemental Facility as a supplemental educational facility to serve students at MSA-1, providing: meeting and collaboration rooms; flexible assembly and multipurpose space; performance space; and educational and administrative functions.



Photograph of MSA-1 Supplemental Facility

MSA-2 Facility. The MSA-2 Facility consists of approximately 4.32 acres of land including six tennis courts, paved parking facilities, as well as undeveloped land located at 16600 West Vanowen Street in Van Nuys, California, approximately one mile from the current campus of MSA-2 and approximately 2.5 miles from the campus of MSA-1.



Approximate location of MSA-2 Facility

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MERF intends to make use of the MSA-2 Facility as an athletic, physical education, outdoor learning and student activity facility.



Photograph of MSA-2 Facility

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DEBT SERVICE SCHEDULE

The annual debt service payment requirements of the Bonds are set forth in the table below.*

Period Ending July 1	*Series 2026C Bonds*		*Series 2026D Bonds*		*Total Bonds Debt Service*
	Principal	*Interest*	*Principal*	*Interest*	
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
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2055					
2056					
2057					
2058					
2059					
2060					
2061					
2062					
2063					
2064					
2065					
2066					
Totals					

* Preliminary, subject to change.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Limited Obligations of the Authority

The Bonds and interest thereon constitute special, limited obligations of the Authority and are payable solely from certain revenues received under the Bond Indenture and from certain funds and accounts established and maintained under the Bond Indenture. The Authority is not obligated to advance any moneys derived from any source other than the Payments (as defined below) and other assets pledged under the Bond Indenture, whether for the payment of the principal or redemption price or interest with respect to the Bonds.

THE BONDS ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY, AND ARE NOT AND SHALL NOT BE DEEMED TO BE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER. NOTHING IN THE BOND INDENTURE, THE ACT OR OTHERWISE IS AN UNDERTAKING BY THE AUTHORITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO FUND THE TRANSFERS DESCRIBED IN THE INTERCEPT NOTICE OR TO MAKE FUNDS AVAILABLE TO THE FINANCED SCHOOLS IN ANY AMOUNT OR AT ANY TIME.

Bond Indenture

Pledge of Payments and Other Amounts. The Authority has executed and delivered the Bond Indenture and, subject only to the provisions of the Bond Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, has pledged to secure the payment of the principal of and interest on the Bonds, in accordance with their terms and the provisions of the Bond Indenture, all of the Payments (except Payments described in clause (i) of the definition thereof) and any other amounts (excluding proceeds of the sale of Bonds) held in any fund or account (other than the Rebate Fund) established pursuant to the Bond Indenture. Said pledge will constitute a lien on and security interest in such assets and will attach and be valid and binding from and after delivery of the Bonds, without any physical delivery thereof or further act.

"Payments," under the Bond Indenture, means (i) all moneys (except any money received to be used for the payment of Administrative Fees and Expenses) received by the Trustee with respect to the Intercept, (ii) all moneys, if any, received by the Trustee directly from, or on behalf of, the Borrower, pursuant to the Loan Agreement (excluding Additional Payments not directed to be deposited into any fund or account created and held under the Bond Indenture) or Obligation No. 3, and (iii) all income derived from the investment of any money in any fund or account established pursuant to the Bond Indenture. See "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – BOND INDENTURE" herein.

State Intercept Program. As additional security for the Bonds, in connection with the issuance of the Bonds, MERF will provide instructions to the State Controller to make the Intercepts to the Trustee with respect to MSA-5 in amounts and on the dates provided in the Intercept Notice, which amounts are expected to be sufficient in the aggregate to repay the Bonds and pay necessary and incidental costs. Funds received by the Trustee pursuant to the Intercept will be held in trust and will be disbursed, allocated and applied solely for the uses and purposes set forth in the Bond Indenture, including the payment of debt service on the Bonds. Under the laws of the State, no party, including MERF, the Borrower or any of their respective creditors will

have any claim to the money apportioned or to be apportioned to the Trustee by the State Controller pursuant to the Intercepts. Notwithstanding the foregoing, the Intercept for MSA-5 is effectively subordinate to a similar intercept to be implemented and related to the State's Charter School Facilities Program. Similarly, the Intercepts for MSA-SD and MSA-SA, executed and delivered in connection with the Prior Bonds, are effectively subordinate to intercepts previously implemented and related to the State's Charter School Facilities Program. See "CERTAIN Risk Factors – Charter School Facilities Program Intercepts" herein with respect to such CSFP Intercepts.

Assignment of Payments and Other Amounts and Loan Agreement. The Authority assigns to the Trustee, for the benefit of the Holders from time to time of the Bonds, (i) all of the Payments (except Payments described in clause (i) of the definition thereof) and other amounts pledged under " – Pledge of Payments and Other Amounts" above and (ii) all of the right, title and interest of the Authority in, to and under the Loan Agreement (except for the right to receive any Administrative Fees and Expenses and any Additional Payments, any right to be indemnified, held harmless or defended and rights to inspection and to receive information, reports, notices, certificates and opinions, express rights to give approvals, consents, or waivers under the Bond Indenture or the Loan Agreement, and the obligation of the Borrower to make deposits pursuant to the Tax Certificate). Obligation No. 3 will be registered in the name of the Trustee.

The Trustee will be entitled to and will receive all of such assigned Payments, and any such Payments collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee. The Trustee also will be entitled to and will (subject to the provisions of the Bond Indenture) take all steps, actions and proceedings following any event of default under the Loan Agreement reasonably necessary in its judgment, or as directed by the Holder, to enforce, either jointly with the Authority or separately, all of the rights of the Authority assigned to the Trustee and all of the obligations of the Borrower under the Loan Agreement.

The Borrower will take all actions necessary for the Trustee to collect directly from the State Controller the amounts set forth in the Intercept Notice on the dates set forth in the Intercept Notices.

Revenue Fund. The Trustee will establish, maintain and hold in trust a special fund designated as the "Revenue Fund." All Payments will be promptly deposited by the Trustee upon receipt thereof into the Revenue Fund, and will be held in trust for the benefit of the Holders from time to time of the Bonds but will nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in the Bond Indenture. The Trustee will establish within the Revenue Fund an Interest Account, a Principal Account, and a Reserve Account for the payment of debt service on the Bonds.

Interest Account. All amounts in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Bond Indenture).

Principal Account. All amounts in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal or Mandatory Sinking Account Payments of the Bonds, as provided in the Bond Indenture with respect to Bonds

The Trustee will establish and maintain within the Principal Account a separate subaccount for the Bonds, designated as the "____ Sinking Account," inserting therein the series and maturity (if more than one such account is established) for each Term Bond. On or before July 1 in each year, the Trustee will transfer the amount deposited in the Principal Account on that date pursuant to the Bond Indenture, as described in " – Allocation of Revenues" below, from the Principal Account to the Sinking Account for the purpose of making a Mandatory Sinking Account Payment (if such deposit is required in such month). With respect to the Sinking Account, on each Mandatory Sinking Account Payment date established for the Sinking Account, the Trustee will transfer the amount deposited in the Principal Account pursuant to the Bond Indenture for the purpose of applying the Mandatory Sinking Account Payment required on that date to the redemption (or

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payment at maturity, as the case may be) of Bonds, upon the notice and in the manner provided in the Bond Indenture; provided that, at any time prior to giving such notice of such redemption, the Trustee will apply such moneys to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Borrower may direct, in writing, except that the purchase price (excluding accrued interest) will not exceed the par amount of such Bonds. If, during the twelve-month period immediately preceding said Mandatory Sinking Account Payment date, the Trustee has purchased Bonds with moneys in the Sinking Account, or, during said period and prior to giving said notice of redemption, the Borrower has deposited Bonds with the Trustee, or Bonds were at any time purchased or redeemed by the Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Bonds so purchased or deposited or redeemed will be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Bonds purchased or deposited pursuant to the provisions of the Bond Indenture summarized in this paragraph will be delivered to the Trustee and cancelled. Any amounts remaining in the Sinking Account when all of the Bonds are no longer Outstanding will be withdrawn by the Trustee and transferred to the Revenue Fund. All Bonds purchased from the Sinking Account or deposited by the Borrower with the Trustee will be allocated first to the next succeeding Mandatory Sinking Account Payment, then to the remaining Mandatory Sinking Account Payments as the Borrower directs in writing along with a revised sinking fund schedule giving effect to the purchase so completed.

The Term Bonds, which are Bonds payable on or before their specified maturity dates from Mandatory Sinking Account Payments, will be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments as set forth in "THE BONDS – Redemption – Mandatory Sinking Fund Redemption."

Reserve Account. Under the Bond Indenture, the Trustee will establish and maintain a reserve account (the "Reserve Account") within the Revenue Fund, and within the Reserve Account, the Bond Reserve Subaccount and the Grant-Funded Reserve Subaccount. All amounts in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making up any deficiency in the Revenue Fund, Interest Account or Principal Account that exists on the date when monies on deposit in the Revenue Fund, Interest Account or Principal Account are required to be applied, as provided in the Bond Indenture, or (together with any other moneys available therefor) for the payment or redemption of all Bonds then Outstanding; provided, however, that monies and securities held by the Trustee in the Grant-Funded Reserve Subaccount shall not be used for the redemption of all Bonds then Outstanding pursuant to Bond Indenture. The Borrower shall have no right, title, or interest in any amounts on deposit in the Grant-Funded Reserve Subaccount, and the Trustee shall hold such amounts exclusively for the benefit of the Authority and the Bondholders. The Trustee will draw from the Bond Reserve Subaccount until exhausted prior to drawing from the Grant-Funded Reserve Subaccount. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Amounts on deposit in the Reserve Account will be valued by the Trustee at their fair market value each January 1 and July 1, and the Trustee will notify the Borrower of the results of such valuation. If the amount on deposit in the Reserve Account on the first Business Day following such valuation is less than one-hundred percent (100%) of the Reserve Account Requirement (as defined below), the Borrower has agreed in the Loan Agreement to make the deposits to the Reserve Account required by the Bond Indenture. If the amount on deposit in the Reserve Account on the first Business Day following such valuation is greater than the Reserve Account Requirement, then (x) the amount of money on deposit in the Grant-Funded Reserve Subaccount greater than $_____* shall be paid to the Authority free and clear of the lien of the Bond Indenture and (y) any additional excess shall be withdrawn from the Bond Reserve Subaccount of the Reserve Account and transferred to, with respect to the valuations completed pursuant to the first sentence of this paragraph, the Revenue Fund. See "CERTAIN RISK FACTORS" herein. "Reserve Account Requirement" means as of any date of calculation, an amount which will be equal to the least of (i) 10% of the original principal amount of the Bonds, (ii) maximum annual debt service on the Bonds Outstanding, (iii) 125% of

* Preliminary, subject to change.

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average annual debt service with respect to the Bonds Outstanding, or (iv) for the last Bond Year only, the total debt service with respect to the Bonds Outstanding, net of amounts in the Reserve Account. Maximum annual debt service and average annual debt service will be calculated on the basis of twelve-month periods ending on July 1* of any year in which Bonds are Outstanding.

On the date of issuance of the Bonds, $_____*, constituting the Reserve Account Requirement for the Bonds, will be deposited in the Reserve Account. Such deposit is expected to be fully funded by proceeds of a $_____* grant pursuant to the Authority's Charter School Facilities Credit Enhancement Program deposited into the Grant-Funded Reserve Subaccount. The Reserve Account Requirement is anticipated to be sized at maximum annual debt service.*

See "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – BOND INDENTURE" attached hereto.

Allocation of Revenues. Promptly upon receipt, the Trustee will deposit the Payments to the Revenue Fund. On or before June 25 and December 25 of each year, commencing June 25, 2026*, the Trustee will transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Revenue Fund) and then to the Rebate Fund, the following amounts, in the following order of priority, the requirements of each such account or fund (including the making up of any deficiencies in any such account resulting from lack of Payments sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account or fund subsequent in priority; provided, however, no moneys deposited in the Revenue Fund pursuant to the Intercept shall be deposited to the Rebate Fund:

(1) To the Interest Account, the aggregate amount of interest becoming due and payable on the next succeeding Interest Payment Date on all Bonds then Outstanding, until the balance in said account is equal to said aggregate amount of interest;

(2) To the Principal Account, one-half of the aggregate amount of principal becoming due to and payable on the next succeeding Principal Payment Date, until the balance in said Principal Account is equal to said aggregate amount of such principal and Mandatory Sinking Account Payments; provided that from the date of delivery of the Bonds until the first Principal Payment Date with respect to the Bonds (if less than twelve months), transfers to the Principal Account shall be sufficient on a pro rata basis to pay the principal and Mandatory Sinking Account Payments becoming due and payable on said Principal Payment Date;

(3) To the Grant-Funded Reserve Subaccount of the Reserve Account, (A) the greater of (i) the amount designated for deposit to the Grant-Funded Reserve Subaccount of the Reserve Account in a written direction of the Borrower, and (ii) the aggregate amount of each prior withdrawal from the Grant-Funded Reserve Subaccount of the Reserve Account for the purpose of making up a deficiency in the Interest Account or the Principal Account (until deposits on account of such withdrawal are sufficient to fully restore the amount withdrawn), and (B) in the event the balance in said subaccount shall be less than the amount deposited in such subaccount pursuant to the Bond Indenture due to valuation of the Eligible Securities deposited therein in accordance with the Bond Indenture, the amount necessary to increase the balance in said account to an amount at least equal to the amount deposited in such subaccount pursuant to the Bond Indenture (until deposits on account of such valuation deficiency are sufficient to increase the balance in said account to said amount);

(4) To the Bond Reserve Subaccount of the Reserve Account, (a) the greater of (i) the amount designated for deposit to the Bond Reserve Subaccount of the Reserve Account in a written direction of the Borrower, and (ii) one-half of the aggregate amount of each prior withdrawal from the Reserve Account for the purpose of making up a deficiency in the Interest Account or Principal Account (until deposits on account of such withdrawal are sufficient to fully restore the amount withdrawn), provided that no deposit need be made into the Bond Reserve Subaccount if the balance in the Reserve Account is at least equal to the Reserve

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Account Requirement, and (b) in the event the balance in said account shall be less than the Reserve Account Requirement due to valuation of the Eligible Securities deposited therein in accordance with the Bond Indenture, the amount necessary to increase the balance in said account to an amount at least equal to the Reserve Account Requirement (until deposits on account of such valuation deficiency are sufficient to increase the balance in said account to said amount);

(5) On June 25, 2026, $_____, and beginning December 25, 2026, to the Repair and Replacement Fund, (a) the greatest of (i) the amount designated for deposit in the Repair and Replacement Fund in a written direction of the Borrower, (ii) $_____*, and (iii) one-third of the aggregate amount of each prior withdrawal from the Repair and Replacement Fund, provided that no deposit need be made into the Repair and Replacement Fund (x) in excess of one-fourth of the Repair and Replacement Fund Requirement or (y) if the balance in said account is at least equal to the Repair and Replacement Fund Requirement, and (b) in the event the balance in said account shall be less than the Repair and Replacement Fund Requirement due to valuation of the Eligible Securities deposited therein in accordance with the Bond Indenture, the amount necessary to increase the balance in said account to an amount at least equal to the Repair and Replacement Fund Requirement (until deposits on account of such valuation deficiency are sufficient to increase the balance in said account to said amount); and

(6) To the Rebate Fund, such amounts as are required to be deposited therein by written instruction from the Borrower given in accordance with the Bond Indenture (including the Tax Certificate).

Moneys remaining in the Revenue Fund after the foregoing transfers will be transferred on January 1 and July 1 of each year, commencing January 1, 2027, by the Trustee to the Borrower, free and clear of the lien of the Bond Indenture.

See "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – BOND INDENTURE" and "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – LOAN AGREEMENT" attached hereto.

For more information on the Project, the Schools, the Borrower and the Members of the Obligated Group, see "THE PROJECT" herein and "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP" attached hereto.

Project Fund. The Trustee will establish, maintain and hold in trust a separate fund designated as the "Project Fund." The moneys in the Project Fund will be disbursed pursuant to a requisitions of the Borrower, The Trustee will accept moneys from the Borrower, or on behalf of the Borrower, for deposit in the Project Fund from time to time. Upon completion of the Project, the Borrower will deliver a completion certificate to the Trustee and make the final requisition of funds from the Project Fund. Any amounts thereafter remaining in such Project Fund will be transferred by the Trustee, at the direction of the Borrower (i) to the Revenue Fund for payment of principal of and/or interest on the Bonds, or (ii) to the Borrower upon delivery to the Trustee of (A) a written request of the Borrower and (B) if any amounts deposited into the Project Fund were proceeds of the Tax-Exempt Bonds, delivery of an Opinion of Bond Counsel to the effect that such transfer would not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds. Upon such transfer, the Project Fund will be closed.

Repair and Replacement Fund. The Trustee will establish, maintain and hold in trust a separate fund designated as the "Repair and Replacement Fund," which shall be used solely for the purposes set forth in the Bond Indenture. Moneys in the Repair and Replacement Fund shall be withdrawn by the Trustee to pay for capital items not budgeted as ordinary maintenance and repair costs related to the Facilities.* Moneys in the

* Preliminary, subject to change.

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Repair and Replacement Fund shall be disbursed upon receipt of a requisition of the Borrower, and the Trustee shall issue its checks or a wire transfer for each such disbursement upon receipt of such a requisition.

Amounts on deposit in the Repair and Replacement Fund will be valued by the Trustee at their fair market value each January 1 and July 1, and the Trustee will notify the Borrower of the results of such valuation in the form of its regular periodic statement. If the amount on deposit in the Repair and Replacement Fund on the first (1st) Business Day following such valuation is less than one hundred percent (100%) of the Repair and Replacement Fund Requirement, the Borrower has agreed in the Loan Agreement to make the deposits to the Repair and Replacement Fund required by the Bond Indenture. If the amount on deposit in the Repair and Replacement Fund on the first (1st) Business Day following such valuation is greater than the Repair and Replacement Fund Requirement, then any additional excess will be withdrawn from the Repair and Replacement Fund and transferred to the Revenue Fund.

"Repair and Replacement Fund Requirement" means $_____*; provided that each such Repair and Replacement Requirement will initially be zero and will increase in equal semiannual amounts of $_____*, respectively, on each January 1 and July 1, commencing January 1, 2027.*

When (i) the amount of principal of, and premium, if any, and interest on the Outstanding Bonds is equal to or less than the sum of the balance of the Revenue Fund, the balance of the Reserve Account, the balance of the Redemption Fund and the balance of the Repair and Replacement Fund, and (ii) all other amounts owed under the Loan Agreement and the Bond Indenture have been paid, moneys held in the Repair and Replacement Fund may be deposited into the Revenue Fund and credited against payments of Loan Repayments required under the Loan Agreement.

The Loan Agreement

The Authority and the Borrower will execute the Loan Agreement to provide for the loan by the Authority to the Borrower of proceeds from the sale of the Bonds. Pursuant to the Loan Agreement, in consideration of the issuance of the Bonds by the Authority and the loan of the proceeds thereof to the Borrower, the Borrower agrees that, on or before June 25 and December 25 of each year and as long as any of the Bonds remain Outstanding, it will pay to the Bond Trustee for deposit in the Revenue Fund such amount as is required by the Bond Trustee to make the transfers and deposits required on such date by the Bond Indenture. Notwithstanding the foregoing, if five business days prior to any interest or principal payment date with respect to the Bonds, the aggregate amount in the Revenue Fund is for any reason insufficient or unavailable to make the required payments of principal (or Redemption Price) of or interest on the Bonds then becoming due (whether by maturity, redemption or acceleration), the Borrower will pay the amount of any such deficiency to the Bond Trustee. Each payment by the Borrower to the Bond Trustee under the Loan Agreement (the "Loan Repayments") will be in lawful money of the United States of America and paid to the Bond Trustee at its designated corporate trust office and held, invested, disbursed and applied as provided in the Bond Indenture. The Borrower certifies in the Loan Agreement that it will instruct or cause MPM Santa Ana to instruct MERF to make payments under the MSA-5 School Loan Agreement directly to the Bond Trustee for deposit in the Revenue Fund. See "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – LOAN AGREEMENT" herein.

Pursuant to the Loan Agreement, the Borrower covenants to cause MERF to deliver the Intercept Notice to the State Controller. See "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – LOAN AGREEMENT" herein.

Additionally, in consideration of the issuance of the Bonds by the Authority and the application of the proceeds thereof as provided in the Bond Indenture, the Borrower agrees in the Loan Agreement to issue, or cause to be issued, and to cause to be authenticated and delivered to the Bond Trustee, pursuant to the Master

* Preliminary, subject to change.

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Indenture of Trust and the Third Supplemental Master Indenture, concurrently with the issuance and delivery of the Bonds, Obligation No. 3. In addition to the loan repayments, the Borrower is also required to pay to the Authority or to the Bond Trustee, as the case may be, "Additional Payments," as described in "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – LOAN AGREEMENT" attached hereto.

MERF is not a party to, and is not liable under, the Loan Agreement. Under the Loan Agreement, the Borrower shall have the right, so long as all amounts which have become due under the Loan Agreement have been paid, at any time or from time to time, to prepay all or any part of its loan repayments. See "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – LOAN AGREEMENT" attached hereto.

The Master Indenture

Joint and Several Obligations of the Obligated Group but not MERF. Under the Master Indenture, each Member jointly and severally covenants and agrees (a) to pay or cause to be paid promptly all Required Payments at the place, on the dates and in the manner provided in the Master Indenture, in any Related Supplement, and each of the respective Obligations, including Obligation No. 3, and (b) to faithfully observe and perform all of the conditions, covenants and requirements of the Master Indenture, any Related Supplement, any Related Indebtedness, Related Loan Agreement, and any Obligation. Each Member acknowledges and agrees that the time of such payment and performance is of the essence of the obligations under the Master Indenture.

Initially, in connection with the issuance of the Bonds, MPM Sherman Way, MPM San Diego MPM Santa Ana, MPM 18120 Sherman Way and MPM Vanowen Street will be the only Members of the Obligated Group, the only Leases (as defined in the Master Indenture) will be the Series 2025 Leases and the Series 2026CD Leases, the only School Loan Agreements will be the Prior School Loan Agreements, and the only Schools (as defined in the Master Indenture) will be the Financed Schools. MERF, as the Lessee, is not a member of the Obligated Group, is not a party to the Master Indenture and is obligated solely as lessee under the Leases and borrower under the School Loan Agreements, in respect of payment from the sources specified therein relating to the Schools, and the Facilities, and is not responsible, party to or otherwise obligated under the Loan Agreement, the Bond Indenture, the Master Indenture or the Supplemental Master Indentures to make payments directly on the Loan, Obligation No. 3 or the Bonds.

Subject to the provisions of the Master Indenture permitting withdrawal from the Obligated Group, the obligation of each Member to make Required Payments is a continuing one and is to remain in effect until all Required Payments have been paid in full in accordance with the Master Indenture. All moneys from time to time received by the Obligated Group Representative or the Master Trustee to reduce liability on Obligations, whether from or on account of the Members or otherwise, will be regarded as payments in gross without any right on the part of any one or more of the Members to claim the benefit of any moneys so received until the whole of the amounts owing on Obligations has been paid or satisfied and so that in the event of any such Member's filing bankruptcy, the Obligated Group Representative or the Master Trustee will be entitled to prove up the total indebtedness or other liability on Obligations Outstanding as to which the liability of such Member has become fixed.

Each such Obligation will be a primary obligation of each Member of the Obligated Group and will not be treated as ancillary to or collateral with any other obligation and will be independent of any other security so that the covenants and agreements of each Member under the Master Indenture will be enforceable without first having recourse to any such security or source of payment and without first taking any steps or proceedings against any other Person. The Obligated Group Representative and the Master Trustee are each empowered to enforce each covenant and agreement of the Master Indenture, and to enforce the making of Required Payments. In the Master Indenture, each Member authorizes the Master Trustee to enforce or refrain from enforcing any covenant and agreement of the Members thereunder and to make any arrangement or compromise with any particular Member or Members as the Master Trustee may deem appropriate, consistent

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with the Master Indenture and any Related Supplement. Each Member also waives in favor of the Obligated Group Representative and the Master Trustee all rights against the Obligated Group Representative, the Master Trustee and any other Member, insofar as is necessary to give effect to any of the provisions described under this subheading.

Notwithstanding anything the Master Indenture to the contrary, the Master Trustee covenants that it will not take recourse against the Obligated Group Representative or any of the Members with respect to the failure by the Obligated Group Representative or any of the Members, to make any Required Payment under the Master Indenture and any Related Supplement, except recourse to the Gross Revenues and the amounts held in the funds and accounts created under the Related Indebtedness Indenture (except the Rebate Fund) or under the Master Indenture, or to such other security as may from time to time be given for the payment of obligations arising out of the Master Indenture, any Related Supplement or any other agreement securing the obligations of the Obligated Group Representative or any of the Members with respect to the Related Indebtedness.

For a more detailed discussion of entry to or withdrawal from the Obligated Group, see "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – THE MASTER INDENTURE" attached hereto. All capitalized terms used and not defined herein have the meanings listed in "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – DEFINITIONS" attached hereto.

Gross Revenue Fund. Each Member of the Obligated Group agrees in the Master Indenture that, unless otherwise provided in a Related Supplement or unless such Related Indebtedness is payable in full from funds that are subject to the Intercept, so long as any of the Obligations remain Outstanding, all of the Gross Revenues of the Obligated Group will be deposited as soon as practicable upon receipt in a fund designated as the "Gross Revenue Fund" which the Members will establish and maintain, subject to the provisions of the Master Indenture, in one or more accounts at such banking institution or institutions as the Members will from time to time designate in writing to the Master Trustee for such purpose (the "Depository Bank(s)"). Subject only to the provisions of the Master Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, each Member, respectively, pledges, and to the extent permitted by law grants a security interest to the Master Trustee in, the Gross Revenue Fund and all of the Gross Revenues of the Obligated Group to secure the payment of Required Payments and the performance by the Members of their other obligations under the Master Indenture. Each Member, respectively, will execute and cause to be filed Uniform Commercial Code financing statements, will execute and cause to be sent to each Depository Bank, if any, and to the Master Trustee a notice of the security interest granted under the Master Indenture and will execute and deliver such other documents (including, but not limited to, control agreements and continuation statements) as may be necessary or reasonably requested by the Master Trustee in order to perfect or maintain as perfected such security interest or give public notice thereof.

If a Gross Revenue Fund is established pursuant to the Master Indenture, the Members shall cause each Depository Bank to enter into an account control agreement with the Master Trustee entitling the Master Trustee, upon the giving of notice to the Depository Bank, to exercise exclusive control over the Gross Revenue Fund. Amounts in the Gross Revenue Fund may be used and withdrawn by any Member at any time for any lawful purpose, except as provided in the Master Indenture. In the event that any Member is delinquent for more than three business days in the payment of any Required Payment with respect to any Obligation issued pursuant to a Related Supplement, the Master Trustee, upon written notice from the Obligated Group Representative or a Responsible Officer of the Master Trustee's actual knowledge of such delinquency, will notify the Obligated Group Representative of such delinquency, and, unless such Required Payment is paid, or provision for payment is duly made, in a manner satisfactory to the Master Trustee, within three business days after receipt of such notice, the Master Trustee shall give notice to the Depository Bank(s) of the election of the Master Trustee to exercise exclusive control over the Gross Revenue Fund (a "Notice of Exclusive Control"). Upon obtaining exclusive control over the Gross Revenue Fund, the Master Trustee shall continue to exercise exclusive control over the Gross Revenue Fund for the benefit of the Holders until six months after the amounts on deposit in said fund are sufficient to pay in full, or have been used to pay in full,

all Required Payments in default and all other Events of Default known to the Master Trustee will have been made good or cured to the satisfaction of the Master Trustee or provision for amount on deposit in the fund deemed by the Master Trustee to be adequate will have been made therefor, whereupon the Master Trustee shall give notice to each Depository Bank of the revocation of the Notice of Exclusive Control given to such Depository Bank, and thereafter amounts in the Gross Revenue Fund again may be used and withdrawn by any Member at any time for any lawful purpose, unless and until the Master Trustee gives a further Notice of Exclusive Control, as provided above, in the event of a subsequent delinquency in the payment of any Required Payment, whereupon the foregoing provisions regarding the Master Trustee's exercise and revocation of exclusive control over the Gross Revenue Fund shall apply. During any period that the Master Trustee holds exclusive control over the Gross Revenue Fund, the Master Trustee will use and withdraw amounts in said Fund from time to time (1) first, to pay Ground Rent directly to each respective lessor under each Ground Lease when and as due, in the amount designated in a written request of the lessor(s), (2) second, to make Required Payments to Holders entitled thereto as such payments become due (whether by maturity, redemption, acceleration or otherwise), and, if such amounts will not be sufficient to pay in full all such payments due on any date, then to the payment of Required Payments ratably without any discrimination or preference, and (3) third, to such other payments and in such order, for which the Master Trustee shall receive written direction. During any period that the Master Trustee holds exclusive control over the Gross Revenue Fund, the Master Trustee, at its sole discretion upon the written request of the Members, may disburse funds from the Gross Revenue Fund for the payment of current or past due operating expenses of the Members. During any period that the Master Trustee holds exclusive control over the Gross Revenue Fund, upon the written request of the Members, the Master Trustee shall disburse to or at the direction of the Members, any amounts in the Gross Revenue Fund which such Members certify do not constitute Gross Revenues of the Obligated Group. Each Member agrees to execute and deliver all instruments as may be required to implement the Master Indenture. Each Member further agrees that a failure to comply with the terms of the Master Indenture will cause irreparable harm to the Holders and will entitle the Master Trustee, with or without notice, to take immediate action to compel the specific performance of the obligations of the Members as provided in the Master Indenture.

Limitations on Additional Indebtedness. Under the Master Indenture, each Member covenants and agrees that it will not incur any Additional Indebtedness after the date of issuance of the Bonds except as follows:

(a) Long-Term Indebtedness may be incurred if prior to the issuance of such Additional Indebtedness the following is satisfied:

(i) an Officer's Certificate is filed with the Master Trustee stating that, for the Obligated Group's most recently completed Fiscal Year, MERF has complied with all covenants set forth in its School Loan Agreements or Leases, as applicable; and

(ii) either

(1) an Independent Consultant selected by the Obligated Group Representative provides a written report setting forth projections which indicate that the Consolidated Base Rent Coverage Ratio for the three full Fiscal Years following completion of such Facility or Facilities financed with such Additional Indebtedness in which a Member of the Obligated Group will have scheduled payments of interest on or principal of the Additional Indebtedness to be issued for the payment of which provision has not been made as indicated in the report of such Independent Consultant from proceeds of such Additional Indebtedness, investment income thereon or from other appropriate sources (other than Consolidated Base Rent), provides for a Consolidated Base Rent Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness and the Additional Indebtedness to be issued, of not less than 1.20:1.0. The report of the Independent Consultant shall take into account, when applicable, the audited results of operations and verified enrollment of the Related Schools for

the most recently completed Fiscal Year and projected enrollment of the Related Schools and Gross Revenues at the completion of such Facility or Facilities financed with such Additional Indebtedness. In addition, the report of the Independent Consultant shall assume that the Long-Term Indebtedness then to be incurred shall have been Outstanding for the entire year; or

(2) an Officer's Certificate is filed with the Master Trustee demonstrating that, based on audited results of the operations for the most recently completed Fiscal Year, the Consolidated Base Rent Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness and the Additional Indebtedness to be issued, is not less than 1.10.

(b) Long-Term Indebtedness may be incurred for the purpose of refunding or refinancing any Outstanding Indebtedness, if prior to the incurrence thereof, there is delivered to the Master Trustee an Officer's Certificate demonstrating that (i) the Maximum Annual Debt Service will not increase by more than 10% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof; or (ii) the total Debt Service on the Indebtedness being refinanced will not increase by more than 10% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof; or (iii) the requirements of subsection (a) above are met; provided that the foregoing will not apply to any refinancing with Balloon Indebtedness.

(c) Short-Term Indebtedness may be incurred by any Member as long as the Short-Term Indebtedness is made payable from such Member's Gross Revenues, and subject to any limitations imposed by the Related Indebtedness or Related Loan Agreement.

(d) So long as either Obligation No. 1, Obligation No. 2, or Obligation No. 3 is Outstanding, Non-Recourse Indebtedness may be incurred not to exceed thirty-five percent (35%) of Obligated Group Operating Expenses in the aggregate Outstanding among all Members of the Obligated Group as tested as of the end of each Fiscal Year and reported on the audited financial statement of the Members of the Obligated Group.

(e) Any Subordinated Indebtedness or Indebtedness consisting of purchase money obligations with respect to any item of equipment related to the Facilities may be incurred without limitation.

(f) Indebtedness consisting of leases which are considered operating leases under generally accepted accounting principles may be incurred without limitation.

"Central Office Management Fees" means any fee or charge, including any funds transfer recognized as an expenditure for accounting purposes, charged by Lessee for management services provided to the Schools, including pursuant to a Management Agreement, which fee shall be subordinate to the payment of Rent due under the Lease.

"Consolidated Base Rent Coverage Ratio" means the ratio determined by dividing Consolidated Net Program Operating Revenue for such period by the Consolidated Base Rent Payment Obligation.

"Consolidated Base Rent Payment Obligation" means the sum of all Lessee Base Rent Payment Obligations for all Facilities and proposed Facilities.

"Consolidated Net Program Operating Revenue" means the sum of all Net Program Operating Revenue for the Lessee of all Facilities and proposed Facilities as that computation would be applied to the operations of an existing or proposed Lessee of an existing or proposed Facility financed with Related Indebtedness or to be financed with Additional Indebtedness, and excluding therefrom the payment obligations associated with any loan or other indebtedness to be refinanced or retired from proceeds of the Long-Term Indebtedness then to be incurred.

"Base Rent" means, with respect to any Lease, the amount of Rent designated as such; provided however that, total Base Rent for all Leases equals an amount not less than (a) the debt service due and payable on all Related Indebtedness with respect to the Facilities plus (2) any Ground Rent on the Facilities.

"Independent Consultant" means, with respect to any Lease, a firm (but not an individual) that (1) does not have any direct financial interest or any material indirect financial interest in the Lessee or any Affiliate of the Lessee and (2) is not connected with the Lessee or any Affiliate thereof as an officer, employee, promoter, trustee, partner, director or Person performing similar functions, and designated by the Lessee, qualified to pass upon questions relating to the financial affairs of facilities of the type or types operated by the Lessee and having a favorable reputation for skill and experience in the financial affairs of such facilities.

"Lessee Base Rent Payment Obligation" means (a) that portion of the total lease payment obligation for any Lessee of any Facility or proposed Facility that is the Base Rent for such Facility, characterized as "Base Rent" plus (b) the repayment obligations for Lessee under any School Loan Agreement for the financing of Lessee's improvement or equipping of any Facility or proposed Facility, or portion of such Facility, characterized therein as "School Loan Repayments" plus (c) any Ground Rent on the Facilities.

"Lessee Indebtedness" means all obligations for borrowed money, installment sales and finance lease obligations (as such term is defined by the FASB Accounting Standards Codification Topic 842 Leases), incurred or assumed by the Lessee, including Guaranties, Obligated Group Program Long-Term Indebtedness, Obligated Group Program Short-Term Indebtedness or any other obligation for payments of principal and interest with respect to money borrowed.

"Management Agreement" means any agreement between Lessee and a charter school, including charter schools operated or managed by Lessee, pursuant to which Lessee provides management services.

"Net Program Operating Revenue" means Lessee's Program Revenues minus its Program Operating Expenses; provided, that no determination thereof will take into account: (a) any gain or loss resulting from either the early extinguishment or refinancing of Obligated Group Program Indebtedness or the sale, exchange or other disposition of capital assets not made in the ordinary course of business; (b) gifts, grants, bequests, donations or contributions, and income therefrom, to the extent specifically permanently restricted by the donor or by law to a particular purpose inconsistent with their use for the payment of Program Operating Expenses; (c) the net proceeds of insurance (other than business interruption insurance) and condemnation awards; (d) adjustments to the value of assets or liabilities resulting from changes in generally accepted accounting principles; (e) unrealized gains or losses that do not result in the receipt or expenditure of cash; and (f) nonrecurring items which involve the receipt, expenditure or transfer of assets.

"Obligated Group Program Interim Indebtedness" means all Obligated Group Program Indebtedness having an original maturity less than or equal to five years and not renewable at the option of the Lessee for a term greater than five years from the date of original incurrence or issuance.

"Obligated Group Program Long-Term Indebtedness" means all Obligated Group Program Indebtedness having an original maturity greater than one year or renewable at the option of the Lessee for a period greater than one year from the date of original incurrence or issuance thereof unless, by the terms of such Lessee Indebtedness, the Obligated Group Program Long-Term Indebtedness is not permitted to be outstanding thereunder for a period of at least 20 consecutive days during each calendar year.

"Obligated Group Program Short-Term Indebtedness" means all Obligated Group Program Indebtedness having an original maturity less than or equal to one year and not renewable at the option of the Lessee for a term greater than one year from the date of original incurrence or issuance, provided however, that any Obligated Group Program Short-Term Indebtedness that has been issued as revenue anticipation notes ("RANs") will not be included or counted as Obligated Group Program Short-Term Indebtedness to the extent

that the RANs are secured by deferred state apportionment revenues expressly pledged and deposited in an intercept account to pay such RANs.

"Program Operating Expenses" means all reasonable and necessary current expenses of the Lessee relating solely and arising from the Related Projects, as a group; provided, however, "Program Operating Expenses" shall not include (i) any allowance for depreciation or amortization, (ii) expenses incurred in connection with capital improvements, (iii) expenses paid from any restricted grants from state, federal or local sources, or from any Person, which were excluded from Program Revenues, (iv) expenses incurred for MTI Base Rent and School Loan Repayments payable under the Lease and School Loan Agreements, respectively, (v) expenses incurred under any capitalized leases, (vi) payments of the Debt Service Requirement of the Lessee and (vii) Central Office Management Fees.

"Program Revenues" means all revenues, income, receipts and moneys derived by the Lessee from the Lessee's operation of the Schools, including from any applicable district or county or from the State pursuant to the Charter School Law from any categorical block grant, general purpose entitlement or revenue limit; provided, that "Program Revenues" shall not include: (i) any gains or losses resulting from the early extinguishment of Indebtedness, the sale, exchange or other disposition of Property not in the ordinary course of business, or the reappraisal, reevaluation or write-up of assets, or any other extraordinary gains or losses; (ii) net unrealized gain (losses) on investments on investments and Financial Products Agreements; (iii) proceeds of borrowing; and (iv) net insurance or condemnation proceeds received or payable to Lessee on account of damage or destruction of the other charter school or its property or other loss incurred by Lessee with respect to its operation of the other charter school or its property.

"Subordinate Lessee Indebtedness" means all Lessee Indebtedness the repayment of which is expressly subordinate to the repayment of (i) the obligations of the Lessee under all Leases and School Loan Agreements, and (ii) Lessee Indebtedness secured on parity with obligations of the Lessee under all Leases and School Loan Agreements.

"Subordinated Indebtedness" means Indebtedness, the repayment of which is on a priority that is subordinate to the repayment of (a) Indebtedness issued pursuant to the Master Indenture and (b) Indebtedness issued on a parity basis to Indebtedness issued pursuant to the Master Indenture, if any.

"Total Program Operating Expenses" means all reasonable and necessary current expenses of the Lessee; provided, however, "Total Program Operating Expenses" shall not include (i) any allowance for depreciation or amortization, (ii) expenses incurred in connection with capital improvements, (iii) expenses paid from grants from state, federal or local sources, or from any Person, which would generally be excluded under Program Revenues, (iv) expenses incurred for MTI Base Rent and School Loan Repayments payable under the Leases and School Loan Agreements, respectively, (v) expenses incurred under any capitalized leases, (vi) payments of the Debt Service Requirement of the Lessee and (vii) Central Office Management Fees.

Amendment of Leases or School Loan Agreements. There will be no amendment, modification or termination of any of the Leases or School Loan Agreements without (1) an Officer's Certificate delivered to the Master Trustee stating that the amendment, modification or termination of the Lease or School Loan Agreement contemplated will not have a material adverse effect on the financial position of the Obligated Group, or (2) the prior written consent of the Master Trustee, which written consent shall only be given if:

(a) if there are any Tax-Exempt Bonds outstanding, the Master Trustee receives an Opinion of Bond Counsel confirming such amendment is necessary to preserve the exclusion of interest on related Tax-Exempt Bonds from gross income for purposes of federal income taxation or the exemption of interest on the related Tax-Exempt Bonds from state income taxation;

(b) (1)(A) the Related Indebtedness Holders of a majority in principal amount of the Related Indebtedness then Outstanding consent in writing to such amendment, modification or termination or (B) the Master Trustee receives an Opinion of Counsel confirming such amendment, modification or termination will not materially adversely affect the interests of the Related Indebtedness Holders or result in any material impairment of the security given for the payment of the Related Indebtedness, and (2) the Master Trustee shall receive an Opinion of Bond Counsel substantially to the effect that such amendment, modification or termination will not, in and of itself, adversely affect any exclusion of interest on the Related Indebtedness from gross income for purposes of federal income taxation; or

(c) it has received a written representation from the Obligated Group Representative to the effect that such amendment or modification will not materially and adversely affect the interests of the Related Indebtedness Holders of the Related Indebtedness; provided that, in making a determination whether such amendment or modification will not materially and adversely affect the interests of the Related Indebtedness Holders of the Related Indebtedness, the Master Trustee may conclusively rely on written representations of financial consultants or advisors or the opinion or advice of counsel.

Other Covenants. Each of the Members of the Obligated Group agrees to comply with other covenants set forth in the Master Indenture, including covenants to insure the Facilities against loss or damage. See "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – MASTER INDENTURE – Additional Covenants" and related definitions attached hereto.

Membership in Obligated Group. Additional Members may be added to the Obligated Group from time to time provided that prior to such addition the Master Trustee receives:

(a) a copy of a resolution of the Governing Body of the proposed new Member which authorizes the execution and delivery of a Related Supplement and compliance with the terms of the Master Indenture;

(b) a Related Supplement executed by the Obligated Group Representative, the new Member and the Master Trustee pursuant to which the proposed new Member (1) agrees to become a Member, (2) agrees to be bound by the terms and restrictions imposed by the Master Indenture and the Obligations, and (3) irrevocably appoints the Obligated Group Representative as its agent and attorney-in-fact and grants to the Obligated Group Representative full power to execute Related Supplements authorizing the issuance of Obligations and to execute and deliver Obligations;

(c) an Opinion of Counsel addressed to the Master Trustee to the effect that (i) the proposed new Member has taken all necessary action to become a Member, and upon execution of the Related Supplement, such proposed new Member will be bound by the terms of the Master Indenture and (ii) the addition of such Member will not cause the Master Indenture or any Obligations to be subject to registration under the Securities Act of 1933, as amended, or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred);

(d) an Independent Consultant's or Accountant's report, or an Officer's Certificate, as appropriate, to the effect that the condition described in paragraph (a) under "– Limitations on Additional Indebtedness" above would be met for the incurrence of one dollar of additional Long-Term Indebtedness immediately following the addition of such new Member;

(e) if there is any Related Indebtedness Outstanding that purports to be Tax-Exempt Bonds, an Opinion of Bond Counsel to the effect that the addition of such Member will not result in the inclusion of interest on any Related Bonds that purports to be a Tax-Exempt Bond in gross income for purposes of federal income taxation, nor cause the Master Indenture nor the Obligations issued under the Master Indenture to be subject to registration under the Securities Act of 1933, as amended or the Trust Indenture Act of 1939, as amended (or unless such registration, if required, has occurred);

(f) an Officer's Certificate to the effect that no Member, immediately after the addition of such new Member, would be in default in the performance or observance of any covenant or condition of the Master Indenture; and

(g) a duly executed and delivered Mortgage encumbering all Property, Plant and Equipment of such new Member, subject only to Permitted Liens.

Any certification or calculation made in accordance with this section may take into account the effect of the withdrawal of another Member or Members from the Obligated Group in connection with the addition of a Member to the Obligated Group contemplated in the Master Indenture.

Withdrawal from Obligated Group. Any Member may withdraw from the Obligated Group, and be released from further liability or obligation under the provisions of the Master Indenture, provided that prior to such withdrawal the Master Trustee receives:

(a) an Officer's Certificate to the effect that, immediately following withdrawal of such Member, no Member would be in default in the performance or observance of any covenant or condition of the Master Indenture;

(b) if there is any Related Indebtedness outstanding that purport to be Tax-Exempt Bonds, an Opinion of Bond Counsel to the effect that the withdrawal of such Member is in compliance with the conditions contained in this section, and such withdrawal will not result in the inclusion of interest on any Related Indebtedness that purports to be a Tax-Exempt Bond in gross income for purposes of federal income taxation, nor cause the Master Indenture nor the Obligations issued under the Master Indenture to be subject to registration under the Securities Act of 1933, as amended, or the Trust Indenture Act of 1939, as amended (or unless such registration, if required, has occurred); and

(c) either:

(i) an Officer's Certificate to the effect that the Related Indebtedness outstanding under the Master Indenture have been assigned a rating by at least one rating agency and the withdrawal of such Member will not cause a downgrade or withdrawal of such rating; or

(ii) an Independent Consultant's report stating that:

(1) (A) the forecasted Consolidated Base Rent Coverage Ratio for the two consecutive Fiscal Years immediately following such withdrawal, taking such withdrawal into account, is projected to be at least 1.10:1.00 in each Fiscal Year or would be greater than it would otherwise have been absent such withdrawal; and (B) such withdrawal will not lower the Consolidated Base Rent Coverage Ratio for the most recent Fiscal Year for which Obligated Group Financial Statements are available by more than twenty percent (20%); or

(2) the forecasted Debt Service Coverage Ratio for the two consecutive Fiscal Years immediately following such withdrawal, taking such withdrawal into account, is projected to be not less than 1.00:1.00 in each Fiscal Year or would be greater than it would otherwise have been absent such withdrawal.

Any certification or calculation made in accordance with this section may take into account the effect of the addition of another Member or Members to the Obligated Group in connection with the withdrawal of a Member from the Obligated Group contemplated in the Master Indenture.

Upon compliance with the conditions described above, the Master Trustee shall execute any documents reasonably requested by the withdrawing Member to evidence the termination of such Member's obligations under the Master Indenture (including without limitation termination of the pledge of such Member's Gross Revenues) under any Related Supplements and under all Obligations (including without limitation reconveyance of the Mortgage encumbering such Member's Property, Plant and Equipment for the benefit of the Master Trustee).

Mortgages and Security Agreements

Pursuant to the Master Indenture, unless expressly set forth in the Related Supplement, or unless project funds allocated to the financing of such Facility are escrowed until the filing of a Mortgage, each Member will enter into a mortgage, leasehold deed of trust, deed of trust, security agreement, assignment of rents and leases and/or financing statement as provided therein (each, a "Mortgage") for the respective Facilities to secure the obligations of the Members under the Master Indenture and each Member, respectively, agrees to supplement such Mortgage or to execute and deliver such other deeds of trust or mortgages as may be necessary from time to grant to the Master Trustee a first priority lien on any Property, Plant and Equipment of the Member, subject to certain permitted liens.

In connection with the issuance of the Bonds, each of MPM 18120 Sherman Way and MPM Vanowen Street will execute a Mortgage with respect to their respective Series 2026CD Facilities (collectively, the "Series 2026CD Mortgages"). Each Series 2026CD Mortgage will create a current assignment in favor of the Master Trustee of the rents due under applicable Series 2026CD Lease relating to the relevant Series 2026CD Facilities. In connection with the issuance of the Prior Bonds, MPM Sherman Way executed a Mortgage with respect to the MSA-1 Facilities (collectively, the "Series 2025 Mortgage"). The Series 2025 Mortgage created a current assignment in favor of the Master Trustee of the rents due under Series 2025 Lease relating to the MSA-1 Facilities.

Pursuant to the requirements of the CSFP Program, the Lessee's interests in the MSA-SA Facilities and the MSA-5 Facility are subject to (i) a recorded lien in favor of the State reflecting that the each of such Facilities is held in trust by the Lessee for the benefit of the State public school system, and (ii) certain restrictive covenants disclosed by recorded notice. See "CERTAIN RISK FACTORS – No Fee Interest in Certain Facilities – State Lien and Restrictive Covenants, Conditions and Restrictions on MSA-SA Facilities."

NO FEE OR LEASEHOLD INTEREST IN THE LAND ON WHICH THE MSA-SD FACILITIES OR MSA-5 FACILITY ARE LOCATED OR IN THE MSA-SA FACILITIES OR MSA-5 FACILITY THEMSELVES SECURES THE RESPECTIVE OBLIGATIONS OF MPM SAN DIEGO AND MPM SANTA ANA UNDER THE MASTER TRUST INDENTURE.

Pursuant to the Master Indenture and in connection with the execution and delivery of the Series 2026CD Mortgages, each of MPM 18120 Sherman Way had covenanted to obtain one or more ALTA policies of lender's title insurance on the applicable Series 2026CD Facility in an aggregate amount not less than the aggregate principal amount of the Related Indebtedness, insuring the Master Trustee, for the benefit of the Holders of the Obligations, insuring the fee title interest of such Member in the applicable Facilities, subject only to Permitted Liens, issued by a title insurance company qualified to do business in the State. Pursuant to the Master Indenture and in connection with the execution and delivery of the Series 2025 Mortgage, MPM Sherman Way obtained, one or more ALTA policies of lender's title insurance on the MSA-1 Facilities in an aggregate amount not less than the aggregate principal amount of the Related Indebtedness, insuring the Master Trustee, for the benefit of the Holders of the Obligations, insuring the fee title interest of such Member in the applicable Facilities, subject only to Permitted Liens, issued by a title insurance company qualified to do business in the State. See "CERTAIN RISK FACTORS – Limitations on Value of the Applicable Facilities and to Remedies Under the Mortgages" herein.

Pursuant to a Security Agreement by and between MPM San Diego and the Master Trustee, MPM San Diego granted the Master Trustee a security interest in the modular buildings that constitute the MSA-SD Facilities and in its interest in the MSA-SD Lease. MPM San Diego documented such security interest by means of a fixture filing recorded in the official records of San Diego County. Pursuant to a Security Agreement by and between MPM Santa Ana and the Master Trustee, MPM Santa Ana granted the Master Trustee a security interest in its interest in the Prior School Loan Agreement. In addition, pursuant to a Security Agreement by and between MPM Santa Ana and the Master Trustee, MPM Santa Ana will grant the Master Trustee a security interest in its interest in the MSA-5 School Loan Agreement.

Additional Leases and School Loan Agreements Governed by the Master Indenture

Under the Master Indenture, "Lease" is defined as each lease agreement pursuant to which the Lessee leases a Facility at which a Program (as defined in the Master Indenture) is operated from a Member of the Obligated Group; provided, however, a lease agreement or sublease agreement pursuant to which the Lessee leases a Facility for the benefit of a School whose students in attendance at the Facility constitute 25% or fewer students of all students in attendance at the Facility subject to such lease or sublease, is not be considered a Lease for purposes of the Master Indenture. "School Loan Agreement" is defined under the Master Indenture as any loan agreement pursuant to which the Lessee or a Member of the Obligated Group borrows money from a Member of the Obligated Group or the Lessee for the benefit of a Facility at which a School is located. Upon the issuance of the Series 2026 Bonds, the only Leases will be the Series 2025 Leases and the Series 2026CD Leases, and the only School Loan Agreements will be the Prior School Loan Agreements.

Pursuant to the Master Indenture, "Program" or "Obligated Group Program" means each public charter school or administrative facility operated by a Lessee and located at one or more Facilities from and after the date upon which the Member that is the lessor or Lender under such Lease or School Loan Agreement, as applicable, joins the Obligated Group, but excluding any public charter school or administrative office operated by a Lessee at premises that do not constitute a Facility or is owned or leased by a Member that withdraws from the Obligated Group to the extent permitted by and in accordance with the Master Indenture, from and after the date of such withdrawal. As of the date of the execution of the Master Indenture, the Programs will include the charter school known as Magnolia Science Academy 1, CDS #19-10199-6119945; Magnolia Science Academy-San Diego, CDS #37-68338-0109157; Magnolia Science Academy-Santa Ana, CDS #30-76893-0130765; and Magnolia Science Academy 5, CDS # 19-10199-0137679.

If a Member of the Obligated group enters into a Lease or a School Loan Agreement (each as defined in the Master Indenture), such Lease or School Loan Agreement, must contain the following provisions:

(a) A liquidity covenant substantially similar to the covenant described under the heading "THE LEASES AND SCHOOL LOAN AGREEMENTS – Certain Related Covenants – Liquidity Covenant" herein.

(b) A coverage ratio covenant substantially similar to the covenant described under the heading "THE LEASES AND SCHOOL LOAN AGREEMENTS – Certain Related Covenants – Consolidated Base Rent Coverage Ratio Covenant" herein.

(c) A subordination of Central Office Management Fees substantially as described in "APPENDIX D – SUMMARY OF THE LEASES AND THE SCHOOL LOAN AGREEMENTS" attached hereto; and

(d) Covenants substantially similar to those described under the heading "THE LEASES AND SCHOOL LOAN AGREEMENTS – Certain Related Covenants – Other Financial Covenants" herein.

Upon the issuance of the Bonds, MPM Sherman Way, MPM San Diego MPM Santa Ana, MPM 18120 Sherman Way and MPM Vanowen Street will be the only Members of the Obligated Group, the only Leases (as defined in the Master Indenture) will be the Series 2025 Leases and the Series 2026CD

Leases, the only School Loan Agreements will be the Prior School Loan Agreements, and the only Schools (as defined in the Master Indenture) will be the Financed Schools. MERF and the Borrower provide no assurances that other members of the Obligated Group, schools or leases will be added and be subject to the provisions of the Master Indenture.

THE LEASES AND SCHOOL LOAN AGREEMENTS

The following section contains a brief description of the Leases and the School Loan Agreements. All references in this Limited Offering Memorandum to the Leases and School Loan Agreements are qualified in their entirety by reference to the Leases and School Loan Agreements, copies of which may be obtained by request to the Underwriter. See "APPENDIX D – SUMMARY OF THE LEASES AND THE SCHOOL LOAN AGREEMENTS" attached hereto.

General

The primary sources of Gross Revenues for the Members of the Obligated Group are (i) the payment of Rent received pursuant to the Leases, and (ii) the payment of School Loan Repayments under School Loan Agreements. Under the Leases, each Landlord leases to MERF, and MERF leases from each Landlord, a respective Facility. The provisions of each Lease are substantially similar except for the term of the Lease, the amount of rent payable and the Facility subject to each Lease.

The Series 2026CD Leases have a term (the "Lease Term") of approximately 40 years, and are scheduled to expire on July 1, 2066. The Prior Leases have a term of approximately 35 years, and are scheduled to expire on June 30, 2060. The term of the Series 2025 School Loan Agreement extends to July 1, 2055, while the term of the Series 2026 School Loan Agreement extends to July 1, 2065.

Payment of Rent Under Leases

Pursuant to each Lease, the Lessee will make monthly payments of Rent. "Rent," as defined under each Lease, comprises the following: (i) Base Rent (as defined in each Lease); (ii) Additional Rent (as defined in each Lease); and (iii) Expenses (as defined in each Lease), together with all other monetary obligations of the Lessee to the applicable lessor or to third parties arising under the terms of the Leases. See "APPENDIX D – SUMMARY OF THE LEASES AND THE SCHOOL LOAN AGREEMENTS" attached hereto.

The Lessee will cause all Rent payable to the Borrower under the Leases to be payable in lawful money of the United States on or before the day on which it is due, without offset or deduction. Notwithstanding the foregoing, the Lessee will receive a credit for Rent owed to the applicable lessor to the extent the Trustee receives monies on behalf of the Lessee under the Intercept for the School. The Lessee has covenanted to take such action as may be necessary to include all such payments of Rent due under the Leases in its annual budgets, to make, as necessary, annual appropriations for all such payments and to take such action annually as shall be required to provide funds in such year for such payments of Rent.

Lessee's obligation to pay the Rent shall be a general obligation of the Lessee, payable from any revenues of the Lessee legally available therefor. "APPENDIX D – SUMMARY OF THE LEASES AND THE SCHOOL LOAN AGREEMENTS" attached hereto.

Pursuant to the Leases, the Lessee covenants that payment of management fees to third parties will be subordinate to payments of Rent under the Leases. See " – Certain Related Covenants – Financial Covenants – Subordination of Management Fees" below.

Certain Related Covenants

General. The Leases and School Loan Agreements contain various covenants (including reporting covenants), representations and warranties made by the Lessee to applicable Member. Covenants include:

(i) restrictions on the use of the applicable Facilities to the operation of the applicable School;

(ii) compliance by Lessee with applicable laws, including all environmental laws and Applicable Requirements (as defined in such Lease or the School Loan Agreement);

(iii) sublease and assignment restrictions without a Landlord's consent under the Leases;

(iv) covenants to maintain insurance policy coverages required under the Master Indenture, as set forth in such Leases and School Loan Agreements;

(v) indemnification of the applicable Landlord or School Lender pursuant to the terms of the Leases and School Loan Agreements;

(vi) covenant to take all reasonable actions to maintain Lessee's Charters;

(vii) limitations on disposition of property, plant and equipment of the Lessee;

(viii) covenant not to incur further indebtedness; and

(ix) covenant not to take any action or omit to take any action that, if taken or omitted, would cause Lessee to lose status as an organization described under Section 501(c)(3) of the Code.

Liquidity Covenant. The Lessee covenants and agrees that its Days Cash on Hand shall be equal to or greater than 45 days beginning in the Fiscal Year ending June 30, 2026. The Lessee will provide a certificate to the applicable Member, the Trustee and the Master Trustee at the time of delivery of its financial statements for each Fiscal Year, commencing (with respect to the Series 2026CD Leases) with the Fiscal Year ending June 30, 2027, certifying to the Days Cash on Hand as of the end of such Fiscal Year.

"Days Cash on Hand" means (a) the sum of the aggregate amount of (i) unrestricted cash and cash equivalents, (ii) unrestricted investments, each as shown on the Lessee's audited financial statements for each Fiscal Year, and (iii) any State payments accrued to such Fiscal Year and scheduled to be received within three months following the end of such Fiscal Year, divided by (b) the Total Program Operating Expenses for the applicable Fiscal Year divided by 365.

"Total Program Operating Expenses" means all reasonable and necessary current expenses of the Lessee; provided, however, "Total Program Operating Expenses" shall not include (i) any allowance for depreciation or amortization, (ii) expenses incurred in connection with capital improvements, (iii) expenses paid from grants from state, federal or local sources, or from any Person, which would generally be excluded under Program Revenues, (iv) expenses incurred for MTI Base Rent and School Loan Repayments payable under the Leases and School Loan Agreements, respectively, (v) expenses incurred under any capitalized leases, (vi) payments of the Debt Service Requirement of the Lessee and (vii) Central Office Management Fees.

"MTI Base Rent" means, with respect to any Lease, the amount of Rent designated as such; provided however that, total Base Rent for all Leases equals an amount not less than (a) the debt service due and payable on all Related Indebtedness with respect to Facilities plus (2) any Ground Rent on Facilities.

If the certificate indicates that the Days Cash on Hand as of such date was less than 45 days, it shall not constitute an event of default under the Lease or an Event of Default under the Master Indenture but Lessee covenants to retain an Independent Consultant at the expense of Lessee, on behalf of the Related Projects, within 45 days, to make recommendations to increase such balances in the then-current Fiscal Year to the required level or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable in such Fiscal Year. The Independent Consultant selected and appointed by the Lessee may be rejected upon the written request of the Related Indebtedness Holders of not less than a majority in aggregate principal amount of the Related Indebtedness then Outstanding; if so rejected, the Lessee covenants to use its best efforts to appoint a new Independent Consultant within 45 days thereof. Any Independent Consultant will be required to submit its recommendations to the Lessor, the Related Lender/Bond Trustee and the Master Trustee within 90 days after being so retained. Upon submission of the Independent Consultant's report, the Lessee shall arrange for payment of the amount owed to the Independent Consultant and, within 30 days following receipt of the Independent Consultant's report, issue a written certificate to the Related Indebtedness Holders of the Outstanding Related Indebtedness, the Related Lender/Bond Trustee and the Master Trustee, and Lessor indicating the Lessee's acceptance or rejection of all or any material portion of the Independent Consultant's recommendations. Notwithstanding the foregoing, (x) the Related Indebtedness Holders of a majority of the Outstanding Related Indebtedness shall have the right, by written notice to the Lessee, to require the Lessee to comply with any recommendation of the Independent Consultant set forth in the Independent Consultant's report to the fullest extent practicable and allowed by law and (y) the failure of Lessee to comply with this covenant shall not constitute a Default or Breach unless Lessee fails to comply with the written direction of the Related Indebtedness Holders of a majority of the Outstanding Related Indebtedness to retain the Independent Consultant. Lessee will not be obligated to retain such an Independent Consultant more often than once during any 24-month period.

Consolidated Base Rent Coverage Ratio Covenant. The Lessee covenants and agrees to calculate for each Fiscal Year its Consolidated Base Rent Coverage Ratio based on its audited financial statements for such Fiscal Year, and to provide a copy of such calculation for such period to the Lessor and the Master Trustee annually commencing (with respect to the Series 2026CD Leases) with the Fiscal Year ending June 30, 2027.

Lessee shall deliver to the Lessor, the Related Lender/Bond Trustee and the Master Trustee an officer's certificate executed by the Chief Executive Officer or Chief Financial Officer of the Lessee, no later than 180 days after the close of each Fiscal Year, commencing (with respect to the Series 2026CD Leases) with the Fiscal Year ended June 30, 2027, setting forth the Consolidated Base Rent Coverage Ratio as of the FY End Calculation Date.

If the Consolidated Base Rent Coverage Ratio as of any FY End Calculation Date is below 1.10, but above 1.00, the Lessee, at the written direction of at least a majority of the Related Indebtedness Holders of the Outstanding Related Indebtedness, shall retain, at its expense, an Independent Consultant acceptable to such Related Indebtedness Holders. The Independent Consultant shall deliver a written report to the Lessor, the Lessee, the Related Lender/Bond Trustee, the Master Trustee and the Related Indebtedness Holders, within 90 days following the Lessee's engagement of the Independent Consultant, containing recommendations concerning the Lessee with respect to the Related Projects' operations, financing practices and activities, including use of Short-Term Indebtedness, lease financing and investment activities; management practices, including use of consultants, budgeting practices, and on-going financial systems and monitoring of the Lessee's financial condition with respect to the Related Projects; governance and administrative practices; and such other matters relevant to maintaining compliance with the requirements under this provision. Upon submission of the Independent Consultant's report, the Lessee shall arrange for payment of the amount owed to the Independent Consultant and, within 30 days following receipt of the Independent Consultant's report, issue a written certificate to the Related Indebtedness Holders of the Outstanding Related Indebtedness, the Related Lender/Bond Trustee, the Master Trustee and Lessor indicating the Lessee's acceptance or rejection of all or any material portion of the Independent Consultant's recommendations. Notwithstanding the foregoing, (x) the Related Indebtedness Holders of a majority of the Outstanding Related Indebtedness shall have the right, by written notice to the Lessee, to require the Lessee to comply with any recommendation of the

Independent Consultant set forth in the Independent Consultant's report to the fullest extent practicable and allowed by law and (y) the failure of Lessee to comply with this covenant shall not constitute a Default or Breach unless Lessee fails to comply with the written direction of the Related Indebtedness Holders of a majority of the Outstanding Related Indebtedness to retain the Independent Consultant.

It shall be considered an Event of Default if the Consolidated Base Rent Coverage Ratio as of any FY End Calculation Date, commencing (with respect to the Series 2026CD Leases) with the Fiscal Year ended June 30, 2027, is below 1.0.

"Consolidated Base Rent Coverage Ratio" means the ratio determined by dividing Consolidated Net Program Operating Revenue, for such period by the Consolidated Base Rent Payment Obligation.

"Consolidated Base Rent Payment Obligation" means the sum of all Lessee Base Rent Payment Obligations for all Facilities and proposed Facilities.

"FY End Calculation Date" means each of June 30 of each year.

"Program Operating Expenses" means all reasonable and necessary current expenses of the Lessee relating solely and arising from the Related Projects, as a group; provided, however, "Program Operating Expenses" shall not include (i) any allowance for depreciation or amortization, (ii) expenses incurred in connection with capital improvements, (iii) expenses paid from any restricted grants from state, federal or local sources, or from any Person, which were excluded from Program Revenues, (iv) expenses incurred for MTI Base Rent and School Loan Repayments payable under the Leases and School Loan Agreements, respectively, (v) expenses incurred under any capitalized leases, (vi) payments of the Debt Service Requirement of the Lessee and (vii) Central Office Management Fees.

Subordination of Management Fees. If Lessee enters into a Management Agreement for the payment of Central Office Management Fees to Lessee or any supporting organization of Lessee under Internal Revenue Code Section 509(a)(3), or any of their respective affiliates, with respect to the School, Lessee shall amend any such Management Agreement for the School such that, so long as Related Indebtedness remain outstanding: (i) the obligation of Lessee to pay Central Office Management Fees relating to the School shall be subordinate to its payment of operating expenses of the School, rent payments to Lessor under the Lease and/or School Loan Repayments under a School Loan Agreement; (ii) the obligation of Lessee to pay Central Office Management Fees relating to the School shall be suspended for any such time as the payment of Central Office Management Fees would cause Lessee to fail to meet any of the financial covenants contained in the applicable Lease or School Loan Agreement; and (iii) during any period of time when Central Office Management Fees remain unpaid, such fees shall accrue without interest. If Lessee has not engaged a separate manager with respect to the School, Lessee agrees that it shall not apply any Program Revenues to costs and expenses of management unless and until all Rent or School Loan Repayments, a applicable, is fully paid and the Master Indenture is not in default.

"Central Office Management Fees" means any fee or charge, including any funds transfer recognized as an expenditure for accounting purposes, charged by Lessee for management services provided to the Schools, including pursuant to a Management Agreement, which fee shall be subordinate to the payment of Rent due under the Lease and to payment of School Loan Repayments under the School Loan Agreement.

Limitation on Liens on Program Revenues. Pursuant to each Lease and Prior School Loan Agreement, the Lessee covenants and agrees that, except for liens existing on the date of the agreements and liens in favor of the Authority or another agency of the State arising pursuant to Section 17199.4 of the Education Code and securing Lessee Indebtedness permitted thereunder it will not create, assume or suffer to exist any lien upon the Program Revenues and that, if a subordinate security interest is created or assumed upon the Program Revenues by the Lessee, the Lessee will make or cause to be made effective a provision whereby the obligations of the Lessee under such Lease or Prior School Loan Agreement, as applicable, will

be secured prior to any such indebtedness or other obligation secured by such security interest and that the revenues required by any related Intercept Notice to be deposited with a Related Bond Trustee will continue to be so deposited. The Lessee also covenants in each Lease and Prior School Loan Agreement that, except for liens in favor of the Authority or another agency of the State arising pursuant to Section 17199.4 of the Education Code securing Lessee Indebtedness permitted thereunder, a security interest in the Program Revenues may only be created in connection with the issuance of Indebtedness under the Master Indenture.

Limitations on Obligated Group Program Indebtedness. The Lessee covenants that it will not incur, assume or guarantee ("incur") any Obligated Group Program Indebtedness (secured or unsecured), except Obligated Group Program Indebtedness with respect to purposes specifically benefiting the Lessee, and except as provided below.

(a) Short-Term Lessee Indebtedness. The Lessee may incur Obligated Group Program Short-Term Indebtedness (as defined below) for working capital purposes as in its judgment is deemed expedient, which may be secured on parity with the Lessee's obligations under the Leases and any School Loan Agreement, provided that in no event will the Lessee incur such Obligated Group Program Short-Term Indebtedness, together with Obligated Group Program Interim Indebtedness (as defined below), that is, on a combined basis, in excess of the greater of: (1) 35% of Operating Expenses in any Fiscal Year, or (2) the maximum amount of advance apportionment and principal apportionment due to the Project in any fiscal year that is deferred at any time or subject to deferral pursuant to Section 14041.6 of the Education Code or Sections 16325.5 and 16326 of the California Government Code, or any subsequent legislation authorizing additional deferrals of such apportionments (collectively "Maximum Deferred Apportionment").

"Obligated Group Program Short-Term Indebtedness" means all Obligated Group Program Indebtedness having an original maturity less than or equal to one year and not renewable at the option of the Lessee for a term greater than one year from the date of original incurrence or issuance, provided however, that any Obligated Group Program Short-Term Indebtedness that has been issued as revenue anticipation notes ("RANs") will not be included or counted as Obligated Group Program Short-Term Indebtedness to the extent that the RANs are secured by deferred state apportionment revenues expressly pledged and deposited in an intercept account to pay such RANs.

(b) Interim Indebtedness. The Lessee may incur Obligated Group Program Interim Indebtedness (as defined below) to finance or refinance existing capital needs as in its judgment is deemed expedient, which may be secured on parity with the Lessee's obligations under the Leases and any School Loan Agreement, provided that in no event will the Lessee incur such Obligated Group Program Interim Indebtedness, together with outstanding Short-Term Lessee Indebtedness, on a combined basis, is in excess of the greater of: (1) 35% of Operating Expenses in any Fiscal Year, or (2) Maximum Deferred Apportionment.

"Obligated Group Program Interim Indebtedness" means all Obligated Group Program Indebtedness having an original maturity less than or equal to five years and not renewable at the option of the Lessee for a term greater than five years from the date of original incurrence or issuance.

(c) Obligated Group Program Long-Term Indebtedness. The Lessee may incur Obligated Group Program Long-Term Indebtedness (as defined below) if, prior to the issuance of such Obligated Group Program Long-Term Indebtedness, the Obligated Group Representative files the following certificates and report, as applicable, with the Master Trustee:

(i) an Officer's Certificate is filed with the Master Trustee demonstrating that, for the Obligated Group's most recently completed Fiscal Year, the Lessee has complied with all covenants set forth in its School Loan Agreement or Lease, as applicable, as provided therein; and

(ii) either

(A) an Independent Consultant selected by the Lessee provides a written report setting forth projections which indicate that the Consolidated Base Rent Coverage Ratio for the first three full Fiscal Years following completion of such Facility or Facilities financed with such Additional Indebtedness in which the Lessee will have scheduled payments of interest on or principal of the Additional Indebtedness to be issued for the payment of which provision has not been made as indicated in the report of such Independent Consultant from proceeds of such Additional Indebtedness, investment income thereon or from other appropriate sources (other than Consolidated Base Rent), provides for a Consolidated Base Rent Coverage Ratio, taking into account all Outstanding Long Term Indebtedness and the Additional Indebtedness to be issued, of not less than 1.20:1.0. The report of the Independent Consultant shall take into account, when applicable, the audited results of operations and verified enrollment of the Related Schools for the most recently completed Fiscal Year and projected enrollment of the Related Schools and Gross Revenues at the completion of such Facility or Facilities financed with such Additional Indebtedness. In addition, the report of the Independent Consultant shall assume that the Long Term Indebtedness then to be incurred shall have been Outstanding for the entire year; or

(B) an Officer's Certificate is filed with the Master Trustee demonstrating that, based on audited results of the operations for the most recently completed Fiscal Year, the Consolidated Base Rent Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness and the Additional Indebtedness to be issued, is not less than 1.10.

Obligated Group Program Long Term Indebtedness may also be incurred for the purpose of refunding any Outstanding Obligated Group Program Indebtedness, if prior to the incurrence thereof, there is delivered to the Trustee an Officer's Certificate demonstrating that (i) the maximum annual debt service with respect to all Obligated Group Program Long-Term Indebtedness will not increase by more than 10% after the incurrence of such proposed refunding of Obligated Group Program Long Term Lessee Indebtedness and after giving effect to the disposition of the proceeds thereof; (ii) the total debt service on the Obligated Group Program Long-Term Indebtedness being refinanced will not increase by more than 10% after the incurrence of such proposed refunding Obligated Group Program Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof; or (iii) the requirements of subsection (a)(1) above (regarding the Consolidated Base Rent Coverage Ratio) are met; provided that the foregoing shall not apply to any refinancing with Balloon Indebtedness.

"Obligated Group Program Long-Term Indebtedness" means all Obligated Group Program Indebtedness having an original maturity greater than one year or renewable at the option of the Lessee for a period greater than one year from the date of original incurrence or issuance thereof unless, by the terms of such Lessee Indebtedness, the Obligated Group Program Long-Term Indebtedness is not permitted to be outstanding thereunder for a period of at least 20 consecutive days during each calendar year.

(d) Facility Leases. Obligated Group Program Indebtedness consisting of leases for charter school facilities, the term of which do not exceed two years (including any term extension options), may be incurred without limitation.

A lease for a charter school or other facility with a term exceeding two years (including any term extension options) shall be considered Obligated Group Program Long-Term Indebtedness.

(f) Subordinate Lessee Indebtedness. Subordinate Lessee Indebtedness may be incurred without limitation.

"Subordinate Lessee Indebtedness" means all Lessee Indebtedness the repayment of which is expressly subordinate to the repayment of (i) the obligations of the Lessee under all Leases and School Loan

Agreements, and (ii) Lessee Indebtedness secured on parity with obligations of the Lessee under all Leases and School Loan Agreements.

Other Financial Covenants. Additionally, the Lessee will make the following covenants in each Lease and Prior School Loan Agreement relating to a Related Project financed by the Authority:

Use of Intercept Moneys. The Lessee covenants that all funds subject to an Intercept shall only be transferred to a Related Lender/Bond Trustee for Related Indebtedness issued by the Authority.

Use of Public Moneys. The Lessee covenants that it will not use any public money, assets, and funds for support of the public school system that it receives through apportionments from the State in a manner that conflicts with or constitutes on its part or on the part of the School a violation or breach of any California statute, rule or regulation governing the use of those moneys.

In addition, the Authority will be a third-party beneficiary with respect to the foregoing provisions under each Lease or Prior School Loan Agreement.

Limitation on Disposition of Property, Plant and Equipment. Lessee covenants that, without the consent of the Master Trustee, it will not dispose or transfer any property, plant and equipment consisting of all or any part of the applicable Premises, including pursuant to any lease, except for dispositions or transfers:

(a) of property, plant and equipment no longer necessary for the operation of the Premises;

(b) of property, plant and equipment replaced by property, plant and equipment of similar type and/or of substantially equivalent function with a substantially equivalent value; or

(c) of property, plant and equipment sold or disposed of at a price equal to its fair market value.

See "CERTAIN RISK FACTORS – No Fee Interest in Certain Facilities – State Lien and Restrictive Covenants, Conditions and Restrictions on MSA-SA Facilities" for additional restrictions relating to the MSA-SA Facilities.

Financial Reporting. The Lessee agrees to provide the Borrower, and upon written request of the Trustee or Master Trustee, to the Trustee or Master Trustee, the following information:

(a) Quarterly unaudited financial information and operating data of the School not later than 60 days after the end of each quarter, commencing with the quarter ending June 30, 2025.

(b) Quarterly, not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2025, a report of the School's quarterly enrollment data and waitlist data by grade for the previous fiscal quarter.

(c) Prior to the end of each fiscal year, a copy of the annual budget of the School for the subsequent Fiscal Year.

(d) Quarterly, not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2025, a year to date comparison of the revenue and expenditures in the unaudited financial statements for such quarter to the annual budget for the applicable fiscal year.

(e) Quarterly, not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2025, a copy of any recommendations of any Independent Consultant received in accordance with the Master Indenture pursuant to the Liquidity Covenant and Consolidated Base Rent Coverage Ratio covenant under the Lease described above.

(f) Annually, no later than six (6) months after the close of each fiscal year, commencing with the Fiscal Year ending June 30, 2025, copies of the audited financial statements of the Lessee and the School for the prior fiscal year prepared in accordance with generally accepted accounting principles applicable to nonprofit corporations from time to time, if available.

(g) Annually, no later than six (6) months after the close of each fiscal year, commencing with the Fiscal Year ending June 30, 2026, the certifications and calculations of the Consolidated Days Cash on Hand and the Consolidated Base Rent Coverage Ratio as described in the Liquidity Covenant and Consolidated Base Rent Coverage Ratio covenant under the Lease described above.

(h) Such other information as may be reasonably requested by the Borrower, the applicable Issuer, the Trustee or the Master Trustee.

See "APPENDIX D – SUMMARY OF THE LEASES AND THE SCHOOL LOAN AGREEMENTS" attached hereto.

CHARTER SCHOOLS

General

This section provides a brief overview of California's charter school law. Prospective purchasers of the Bonds should note that the overview contained in this section and the summary of relevant law noted by cross-reference in the sections that follow are provided for the convenience of prospective purchasers but are not and do not purport to be comprehensive. Additional information regarding various aspects of charter school funding in California is available on numerous State-maintained websites and through other publicly available sources.

Under State Law, charter schools are largely independent schools operating as part of the public school system under the exclusive control of the officers of the public schools. A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and is usually sponsored by an existing local public school district or county board of education. Specific goals and operating procedures for the charter school are detailed in a "charter" granted by the sponsoring board to the charter organizers.

A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. Charter schools in the State are created pursuant to Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the Education Code (the "Charter School Law"). The law also requires that a public charter school be nonsectarian in its programs, admission policies, employment practices and all other operations, and prohibits the conversion of a private school to a charter school. Public charter schools may not charge tuition and may not discriminate against any pupil on the basis of ethnicity, national origin, gender or disability. State public charter schools are required to participate in the State Testing and Reporting Program.

According to the Charter School Law, the purpose of a charter school is to: (1) improve pupil learning; (2) increase learning opportunities for all pupils, with special emphasis on expanded learning experiences for pupils identified as academically low achieving; (3) encourage the use of different and innovative teaching methods; (4) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site; (5) provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; (6) hold schools accountable for meeting measurable pupil outcomes and provide schools a way to shift from a rule-based to a performance-based system of accountability; and (7) provide vigorous competition within the public school system to stimulate continual improvements in all public schools.

Anyone may write a charter. However, for a new charter school (not conversion of an existing traditional public school), charter developers must present a petition to the governing board of the local school district (or other chartering authority) containing the signatures of either: (1) a number of teachers meaningfully interested in teaching at the school equal to at least 50 percent of the number of teachers the charter school estimates will be employed during the charter school's first year of operation, or (2) a number of parents or legal guardians representing at least 50 percent of the number of pupils expected to enroll at the school in its first year. For conversion schools, Charter School Law requires signatures of at least 50 percent of the permanent status teachers at the school to be converted. Pupils may not be required to attend a charter school nor may teachers be compelled to teach there. Charters are granted for a maximum term of five years, and may be renewed for new five-year terms without limitation upon satisfaction of certain criteria described below; provided, however, that under certain circumstances, high-performing charter schools may be renewed for a period of between five seven years.

Generally, each charter school is funded to its statutory entitlement after the local contribution is taken into account. Local funding comes from the chartering school district or other sponsoring local education agency in lieu of property taxes (generally funded from the school district's own property tax receipts), while the State funds the balance directly through the county office of education. The proportion coming from the State will vary from district to district depending on the amount of local property taxes collected. In addition, charter schools receive certain State funding and lottery funds based upon pupil attendance, and may be eligible for other special programmatic aid from State and federal grants. Charter schools are prohibited from charging tuition under the Charter School Law.

For additional information regarding funding of education in the State and information relating to certain risks and other considerations relevant to a decision to invest in the Bonds, see "STATE FUNDING OF EDUCATION" and "CERTAIN RISK FACTORS – Specific Risks of Charter Schools" herein.

Chartering Authority

Under the Charter School Law, the local school district governing board serves as the primary chartering authority. A petitioner may seek approval of a charter from a county board of education if the pupils to be served are pupils that would normally be provided direct education and related services by the county office of education. A petitioner may also seek approval from a county board of education for a countywide charter school, which may be granted only if the county board finds that the proposed countywide charter school will offer services to a pupil population that will benefit from those services and that cannot be served as well by a charter school that operates only in one school district in the county. See " – Countywide Benefit Charter Schools" below. Petitioners may request the county board of education to review a charter petition if the petition has been previously denied by the local school district governing board.

If the governing board of a school district denies a petition and the county lacks an independent county board of education, the petitioner may elect to submit the petition for the establishment of a charter school to the state board. If the denial of a charter petition is reversed by the state board, the state board shall designate the governing board of the school district in which the charter school is located as the chartering authority.

If the county board of education denies a petition, the petitioner may appeal that denial to the state board. The state board shall either hear the appeal or summarily deny review of the appeal based on the documentary record. If the state board hears the appeal, the state board may affirm the determination of the governing board of the school district or the county board of education, or both of those determinations, or may reverse only upon a determination that there was an abuse of discretion. If the denial of a charter petition is reversed by the state board, the state board shall designate, in consultation with the petitioner, either the governing board of the school district or the county board of education in which the charter school is located as the chartering authority.

For information concerning the charters granted with respect to each of the Schools, see "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP" attached hereto.

Elements of a Charter Petition

Each charter petition, at a minimum, must contain reasonably comprehensive descriptions of each of sixteen required elements. They are:

1. A description of the educational program of the charter school.

2. The annual goals for the charter school for all pupils and for each subgroup of pupils, and specific annual actions to achieve those goals.

3. If the proposed charter school will serve high school pupils, the manner in which the charter school will inform parents about the transferability of courses to other public high schools and the eligibility of courses to meet college entrance requirements.

4. The measurable pupil outcomes identified for use by the charter school.

5. The method by which pupil progress in meeting those pupil outcomes is to be measured.

6. The charter school's governance structure, including parental involvement.

7. The qualifications to be met by individuals employed by the charter school.

8. Procedures to ensure health and safety of pupils and staff. These procedures shall include: that each employee of the charter school furnish the charter school with a criminal record summary; the development of a school safety plan; and that the school safety plan be reviewed and updated by March 1 of every year by the charter school.

9. The means by which the charter school will achieve a balance of racial and ethnic pupils, special education pupils, and English learner pupils, including redesignated fluent English proficient pupils, reflective of the general population residing in the chartering district.

10. Admission policies and procedures, consistent with the requirements in Education Code Section 47605(e).

11. The procedures by which pupils may be suspended or expelled from the charter school for disciplinary reasons or otherwise involuntarily removed from the charter school for any reason.

12. Provisions for employee coverage under the State Teachers' Retirement System, the Public Employees' Retirement System, or federal social security.

13. The public school attendance alternatives for pupils residing within the district who choose not to attend charter schools.

14. A description of the rights of any employee of the school district upon leaving the employment of the school district to work in a charter school, and of any rights of return to the school district after employment at a charter school.

15. The procedures to be followed by the charter school and the entity granting the charter to resolve disputes relating to provisions of the charter.

16. A declaration of whether or not the charter school will be deemed the exclusive public school employer of the employees of the charter school for purposes of the Educational Employment Relations Act.

17. A description of the procedures for closure of the school, including the disposition of assets and the maintenance and transfer of pupil records.

A charter school shall provide for an annual and independent financial and compliance audit in accordance with Education Code Section 41020.

Under the accountability requirements of Assembly Bill 1137 ("AB 1137"), signed into law in October 2003, districts or other agencies that grant charter authority must identify a contact person for charter schools, visit each charter school at least once a year, and ensure that charter schools submit all required reports (including fiscal reports that must be sent four times a year to the district and local county office of education). In addition, the district must monitor the fiscal condition of its charter schools and notify the State Department of Education whenever a charter is granted, denied, revoked, or the charter school will cease operation. AB 1137 also required that charter schools show a certain level of academic performance to have their charters renewed. Under Assembly Bill 126, starting July 1, 2027, each chartering authority will need to (i) visit each resource center, meeting space, and satellite facility approved in a charter petition or material revision and established by the charter school upon the opening and thereafter at least once every two years; (ii) annually attend, in person, at least one meeting of the governing body of the charter school; (iii) review the agendas and minutes of the meetings of the governing body of the charter school; (iv) conduct annual financial and compliance audit oversight responsibilities of the charter schools it authorizes; (v) refer any creditable allegations received from third parties or observed through the chartering authority's duties, of fraud, misappropriation of funds or other illegal fiscal practices to the county superintendent of schools who may elect to exercise authority; and (vi) review, with respect to each nonclassroom-based charter school under its authority, the charter school's average daily attendance and a sample of independent study written agreements and work samples from each track to gauge whether the documents generally align with the reported attendance.

Approval or Denial of Charter Petition

No later than 60 days after receiving a petition, the governing board of the school district will hold a public hearing on the provisions of the charter, at which time the governing board of the school district will consider the level of support for the petition by teachers employed by the school district, other employees of the school district, and parents. Following review of the petition and the public hearing, the governing board of the school district will either grant or deny the charter within 90 days of receipt of the petition, provided, however, that the date may be extended by an additional 30 days if both parties agree to the extension.

The governing board of the school district will publish all staff recommendations, including the recommended findings and, if applicable, the certification from the county superintendent of schools prepared pursuant to paragraph (8) below, regarding the petition at least 15 days before the public hearing at which the governing board of the school district will either grant or deny the charter. At the public hearing at which the governing board of the school district will either grant or deny the charter, petitioners will have equivalent time and procedures to present evidence and testimony to respond to the staff recommendations and findings.

In reviewing petitions for the establishment of charter schools authorized by a school district, the chartering authority will be guided by the intent of the State Legislature that charter schools are and should become an integral part of the California educational system and that the establishment of charter schools should be encouraged, and shall give preference to petitions that demonstrate the capability to provide comprehensive learning experiences to pupils identified by the petitioner or petitioners as academically low achieving. The governing board of the school district will grant a charter for the operation of a school if it is satisfied that granting the charter is consistent with sound educational practice and with the interests of the

community in which the school is proposing to locate. The governing board of the school district shall consider the academic needs of the pupils the school proposes to serve.

The governing board of the school district will not deny a petition for the establishment of a charter school unless it makes written factual findings, specific to the particular petition, setting forth specific facts to support one or more of the following findings:

(1) The charter school presents an unsound educational program for the pupils to be enrolled in the charter school;

(2) The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition;

(3) The petition does not contain the number of required signatures;

(4) The petition does not contain an affirmation of each of the admission conditions described in Education Code Section 47605(e);

(5) The petition does not contain reasonably comprehensive descriptions of all of the elements described in " – Elements of a Charter Petition" herein; and

(6) The petition does not contain a declaration of whether or not the charter school will be deemed the exclusive public employer of the employees of the charter school for purposes of Chapter 10.7 of the Government Code.

(7) The charter school is demonstrably unlikely to serve the interests of the entire community in which the school is proposing to locate. Analysis of this finding shall include consideration of the fiscal impact of the proposed charter school. A written factual finding under this paragraph shall detail specific facts and circumstances that analyze and consider the following factors:

(A) The extent to which the proposed charter school would substantially undermine existing services, academic offerings, or programmatic offerings.

(B) Whether the proposed charter school would duplicate a program currently offered within the school district and the existing program has sufficient capacity for the pupils proposed to be served within reasonable proximity to where the charter school intends to locate.

(8) The school district is not positioned to absorb the fiscal impact of the proposed charter school. A school district satisfies this paragraph if it has a qualified interim certification pursuant to Section 1240 of the Education Code and the county superintendent of schools, in consultation with the County Office Fiscal Crisis and Management Assistance Team, certifies that approving the charter school would result in the school district having a negative interim certification pursuant to Section 1240 of the Education Code, has a negative interim certification pursuant to Section 1240 of the Education Code, or is under state receivership. Charter schools proposed in a school district satisfying one of these conditions shall be subject to a rebuttable presumption of denial.

In reviewing petitions for the establishment of charter schools within the school district, the governing board of the school district will give preference to petitions that demonstrate the capability to provide comprehensive learning experiences to pupils identified by the petitioner or petitioners as academically low achieving pursuant to the standards established by the State Board of Education.

If the governing board of a school district denies a petition, the petitioner may elect to submit the petition for the establishment of a charter school to the county board of education. The county board of education will review the petition pursuant to the same process by which a school district reviews a charter school petition.

If the governing board of a school district denies a petition and the county board of education has jurisdiction over a single school district, the petition may elect to submit the petition for the establishment of a charter school to the state board. The state board will review the petition pursuant to the same process by which a school district reviews a charter school petition. If the denial of a charter petition is reversed by the state board, the state board shall designate the governing board of the school district in which the charter school is located as the chartering authority.

If the county board of education denies a petition, the petitioner may appeal that denial to the state board. The state board will either hear the appeal or summarily deny review of the appeal based on the documentary record. If the state board hears the appeal, the state board may affirm the determination of the governing board of the school district or the county board of education, or both of those determinations, or may reverse only upon a determination that there was an abuse of discretion. If the denial of a charter petition is reversed by the state board, the state board will designate, in consultation with the petitioner, either the governing board of the school district or the county board of education in which the charter school is located as the chartering authority.

If either the county board of education or the state board fails to act on a petition within 180 days of receipt, the decision of the governing board of the school district to deny the petition will be subject to judicial review.

Charter Renewal

A chartering authority may grant one or more renewals of a charter petition. Except as otherwise described herein, each renewal will be for a period of five years. Renewals and material revisions of charters are governed by the same standards and criteria as initial approvals of charter petitions, and will include, but not be limited to, a reasonably comprehensive description of any new requirement of charter schools enacted into law after the charter was originally granted or last renewed.

AB 130 (as defined herein), which was signed into law by the Governor on July 9, 2021, automatically extends by two years the term of all existing charter schools whose term expires between January 1, 2022 and June 30, 2025, inclusive. See "– Amendments to the Charter School Law" below.

A charter school that, concurrently with its renewal, proposes to expand operations to one or more additional sites or grade levels must request a material revision to its charter, which may be made only with the approval of the chartering authority and is governed by the standards and criteria of an initial approval or denial of a charter petition. Paragraphs numbered (7) and (8) under the heading " – Approval or Denial of Charter Petition" above may not be used to deny a renewal of an existing charter school, but may be used to deny a proposed expansion constituting a material revision.

The chartering authority shall consider the schoolwide performance and performance of all subgroups of pupils served by the charter school on the state indicators included in the California School Dashboard and the performance of the charter school on the local indicators included in the California School Dashboard. The chartering authority shall provide greater weight to performance on measurements of academic performance in determining whether to grant a charter renewal. In addition to the state and local indicators, the chartering authority shall consider clear and convincing evidence, demonstrated by verified data, showing either of the following:

(A) The school achieved measurable increases in academic achievement, as defined by at least one year's progress for each year in school.

(B) Strong postsecondary outcomes, as defined by college enrollment, persistence, and completion rates equal to similar peers.

The chartering authority may deny a charter renewal only upon making written findings, setting forth specific facts to support the findings, that the charter school has failed to meet or make sufficient progress toward meeting standards that provide a benefit to the pupils of the school, that closure of the charter school is in the best interest of pupils and, if applicable that its decision provided greater weight to performance on measurements of academic performance.

Authorizer Shall Renew. The chartering authority shall not deny renewal for a charter school if either of the following apply for two consecutive years immediately preceding the renewal decision; provided, however, that a charter school eligible for technical assistance shall not qualify for renewal under this provision:

(A) The charter school has received the two highest performance levels schoolwide on all the state indicators included in the California School Dashboard for which it receives performance levels; and

(B) For all measurements of academic performance, the charter school has received performance levels schoolwide that are the same or higher than the state average and, for a majority of subgroups performing statewide below the state average in each respective year, received performance levels that are higher than the state average.

The chartering authority that granted the charter may renew a charter pursuant to this paragraph for a period of between five and seven years.

Notwithstanding the above, the chartering authority may deny renewal of a charter school upon a finding that the school is demonstrably unlikely to successfully implement the program set forth in the petition due to substantial fiscal or governance factors, or is not serving all pupils who wish to attend. The chartering authority may deny renewal of a charter school pursuant to this provision only after it has provided at least 30 days' notice to the charter school of the alleged violation and provided the charter school with a reasonable opportunity to cure the violation, including a corrective action plan proposed by the charter school.

Authorizer Shall Not Renew. The chartering authority shall not renew a charter if either of the following apply for two consecutive years immediately preceding the renewal decision:

(A) The charter school has received the two lowest performance levels schoolwide on all the state indicators included in the California School Dashboard for which it receives performance levels.

(B) For all measurements of academic performance, the charter school has received performance levels schoolwide that are the same or lower than the state average and, for a majority of subgroups performing statewide below the state average in each respective year, received performance levels that are lower than the state average.

The chartering authority shall consider the following factors, and may renew a charter that meets the criteria above only upon making both of the following written factual findings, specific to the particular petition, setting forth specific facts to support the findings:

(A) The charter school is taking meaningful steps to address the underlying cause or causes of low performance, and those steps are reflected, or will be reflected, in a written plan adopted by the governing body of the charter school.

(B) There is clear and convincing evidence showing either of the following, demonstrated by verifiable data:

(i) The school achieved measurable increases in academic achievement, as defined by at least one year's progress for each year in school.

(ii) Strong postsecondary outcomes, as defined by college enrollment, persistence, and completion rates equal to similar peers.

For a charter renewed pursuant to this provision, the chartering authority may grant a renewal for a period of two years.

Countywide Benefit Charter Schools

Education Code Section 47605.6 provides for the creation of countywide benefit charter schools to operate at one or more sites within the geographic boundaries of a county and that provide instructional services that are not generally provided by a county office of education. A county board of education may approve a countywide charter only if it finds, in addition to the other requirements of the Charter School Law, that the educational services to be provided by the charter school will offer services to a pupil population that will benefit from those services and that cannot be served as well by a charter school that operates in only one school district in the county.

The provisions governing denial of a charter petition for school district governing boards also apply to the denial of a charter petition for countywide benefit charters. A county board of education will deny a petition if it finds one or more of the following: (i) the charter school presents an unsound educational program for the pupils to be enrolled in the charter school, (ii) petitioners are demonstrably unlikely to successfully implement the program set forth in the petition, (iii) the petition does not contain the number of required signatures, (iv) the petition does not contain an affirmation of each of the enumerated conditions described in Education Code Section 47605(e), (v) the petition does not contain reasonably comprehensive descriptions of the educational program of the school, measurable pupil outcomes and certain other factors, as required by State law, (vi) the petition does not contain a declaration of whether or not the charter school will be deemed the exclusive public employer of the employees of the charter school for purposes of Chapter 10.7 of the Government Code, and (vii) any other basis that the county board of education finds justifies the denial of the petition. If a petition for a countywide benefit charter is denied, or the renewal of an existing countywide benefit charter is denied, the petition may not be submitted to the State Board of Education ("SBE") for review.

None of the Schools operates pursuant to a countywide benefit charter. See "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP" attached hereto.

Charter Management Organizations

As the number of charter schools operating pursuant to the Charter School Law has increased over time, nonprofit organizations have been established, referred to as charter management organizations ("CMOs"), to manage the operations of several charter schools for the purpose of achieving certain economic and operational efficiencies. CMOs centralize or share certain functions and resources among multiple charter schools, including but not limited to accounting, human resources, marketing, purchasing, property management and administration. CMOs may operate at the regional or statewide level. MERF functions as a

CMO for the Schools. See "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP" attached hereto.

Charter Revocation

A charter may be revoked if the charter granting authority finds, based on substantial evidence, that a charter school (i) has committed a material violation any of the conditions, standards or procedures set forth in its charter, or (ii) has failed to meet or to pursue any of the student outcomes identified in its charter, or (iii) has failed to meet generally accepted accounting principles, or engages in fiscal mismanagement, or (iv) has violated any provision of law. Prior to revoking a charter, the charter granting authority must notify the charter school of the violation, afford the charter school a reasonable opportunity to remedy the violation (unless the authority determines, in writing, that the violation constitutes a severe and imminent threat to the health or safety of the pupils), and, upon failure to do so, give written notice of intent to revoke and notice of facts in support of revocation to the charter school and hold a public hearing on the matter. An adverse decision by a school district governing board may be appealed to the county board of education and an adverse decision by the county board, directly or on appeal, may be appealed to the SBE. See "CERTAIN RISK FACTORS – Specific Risks of Charter Schools – Non-Renewal or Revocation of Charters" herein.

In addition, the SBE may take action based on the recommendation of the State Superintendent of Public Instruction, including but not limited to revocation of a school's charter, upon a finding of (i) gross financial mismanagement that jeopardizes the financial stability of the charter school, (ii) illegal or substantially improper use of charter school funds for the personal benefit of any officer, director or fiduciary of the charter school, (iii) substantial and sustained departure from measurably successful practices such that continuing departure would jeopardize the educational development of the school's pupils, or (iv) failure to improve pupil outcomes across multiple state and school priorities identified in the charter. Regulations promulgated by the SBE require the California Department of Education to identify and notify the SBE of each charter school that is determined to warrant action pursuant to clause (iii) of the immediately preceding sentence by November 1 of each year. Under these regulations, charter schools so notified are required to be given an opportunity to submit written information as to why its charter should not be revoked. Any resulting action to revoke a charter is effective at the end of the fiscal year in which the action is taken, unless the SBE identifies departures at the school that are so significant as to be cause for immediate revocation and closure of the charter school. The regulations require the SBE to hold a public hearing to consider action including but not limited to charter revocation not later than March 31. See "CERTAIN RISK FACTORS – Specific Risks of Charter Schools – Non-Renewal or Revocation of Charters" herein.

MERF has not received any notice from the SBE or the chartering authorities of any of the Schools regarding any violation or proposal to revoke any of the Schools' charters or of any other violation requiring corrective action. In addition, as noted above, any future adverse decision by the governing board of any authorizing entity may be appealed to the applicable county Board of Education and an adverse decision by such Board of Education, directly or on appeal, may be appealed to the SBE. See "APPENDIX A –CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP" attached hereto."

Amendments to the Charter School Law

The Legislature has amended the Charter School Law frequently since its initial adoption in 1992, and legislative and public attitudes are still evolving. Neither the Lessee nor any charter school has any control over State legislative or regulatory decision making that could affect the operations or ongoing funding sources for the Obligated Group Schools.

None of the Borrower or MERF makes any representation as to whether any proposed amendments to the Charter School Law will be enacted into law, or what, if any, impact such proposed amendments would have on the Borrower or MERF.

Growth in Charter Schools in California

California has the largest concentration of charter schools in the nation with approximately 725,646 students enrolled in charter schools for the 2025-26 school year (down approximately 2,077 students from the prior school year), which was approximately 12.7% of total state-wide enrollment in the 2025-26 school year (up from approximately 12.5 percent of total state-wide enrollment in the prior school year). The following table shows the total number of charter schools in California by year since 1998-99.

TOTAL CHARTER SCHOOLS IN CALIFORNIA
Fiscal Years 1998-99 Through 2025-26

Fiscal Year	*Number of Charter Schools*
2025-26	1,263
2024-25	1,279
2023-24	1,281
2022-23	1,285
2021-22	1,289
2020-21	1,296
2019-20	1,304
2018-19	1,323
2017-18	1,275
2016-17	1,254
2015-16	1,230
2014-15	1,182
2013-14	1,130
2012-13	1,063
2011-12	982
2010-11	912
2009-10	809
2008-09	746
2007-08	682
2006-07	585
2005-06	560
2004-05	502
2003-04	443
2002-03	408
2001-02	349
2000-01	299
1999-00	235
1998-99	177

Source: The Borrower.

STATE FUNDING OF EDUCATION

General

The Charter School Law provides that the State legislature intended "each charter school be provided with operational funding that is equal to the total funding that would be available to a similar school district serving a similar pupil population . . ." As is true for school districts in the State, charter schools' revenue is

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derived primarily from two sources: a State portion funded from the State's general fund and a locally generated portion derived from each sponsoring school district's share of the local *ad valorem* property tax. Decreases in State revenues, or in the legislative appropriations made to fund education, may significantly affect charter schools' operations.

Adoption of Annual State Budget. According to the State Constitution, the Governor of the State is required to propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted by the State Legislature no later than June 15, although this deadline has been breached in previous years. Historically, the budget required a two-thirds vote of each house of the State Legislature for passage. However, on November 2, 2010, the State's voters approved Proposition 25, which amended the State Constitution to lower the vote requirement necessary for each house of the State Legislature to pass a budget bill and send it to the Governor. Specifically, the vote requirement was lowered from two-thirds to a simple majority (50% plus one) of each house of the State Legislature. This lower vote requirement also applies to trailer bills that appropriate funds and are identified by the State Legislature "as related to the budget in the budget bill." The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. Under Proposition 25, a two-thirds vote of the State Legislature is still required to override any veto by the Governor. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. See " – 2026-27 State Budget" below.

Failure by the State to adopt a budget may restrict the State Controller's ability to disburse State funds. Under the rule of White v. Davis (also referred to as Jarvis v. Connell), a State Court of Appeal decision reached in 2002 and later refined by a California Supreme Court decision in 2003, the State Controller may be able to disburse State funds after the beginning of the fiscal year prior to the adoption of the State budget bill or emergency appropriation if the expenditure, among other things, is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State Constitution (such as appropriations for salaries of elected state officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. Should the State Legislature fail to pass a budget or emergency appropriation before the start of any fiscal year, the Lessee and the Borrower might experience delays in receiving certain expected revenues. See "CERTAIN RISK FACTORS" herein.

State income tax and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. Because funding for education is closely related to overall State income, as described in this section, funding levels can also vary significantly from year to year, even in the absence of significant education policy changes. A brief description of the adopted State budget for the current fiscal year is included below; however, no prediction can be made as to how State income or State education funding will vary over the entire term to maturity of the Bonds, and neither the Borrower nor the Lessee takes any responsibility for informing Beneficial Owners of the Bonds as to any such annual fluctuations. Information about the State budget and State spending for education is regularly available at various State maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov., under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the Electronic Municipal Market Access ("EMMA") website of the Municipal Securities Rulemaking Board, currently located at http://emma.msrb.org. The information referred to is prepared by the respective entities maintaining each website and not by the Borrower or the Lessee, and neither the Borrower nor the Lessee can take any responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references. The information referred to above should not be relied upon in making an investment decision with respect to the Bonds.

Aggregate State Education Funding. Under Proposition 98, a constitutional and statutory amendment adopted by the State's voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the Constitution), a minimum level of funding is mandated for school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs, including charter schools.

The Proposition 98 guaranteed amount for education is based on prior year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post year end revisions, as additional information regarding the various factors becomes available. Over the long run, the guaranteed amount may increase as enrollment and per capita personal income grow.

If, at year end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the State Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

In recent years, the State's response to fiscal difficulties has had a significant impact on Proposition 98 funding and settle-up treatment. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the mandated amount. In response, teachers' unions, the State Superintendent and others sued the State or Governor in 1995, 2005, 2009 and 2011 to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over $4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006 (QEIA), have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds from one fiscal year to the next; by permanently deferring apportionments of Proposition 98 funds from one fiscal year to the next; by suspending Proposition 98, as the State did in fiscal years 2004-05, 2010-11, 2011-12 and 2012-13; and by proposing to amend the Constitution's definition of the guaranteed amount and settle up requirement under certain circumstances. The 2014-15 State Budget and 2015-16 State Budget reversed certain of these trends by, among other things, eliminating certain deferrals, authorizing payments of certain deferred amounts owed to schools subject to State General Fund Revenues and authorizing settle-up payments with respect to deferred apportionments of the Proposition 98 minimum guarantee.

2026-27 State Budget. On June 29, 2026, the Governor signed the State budget for fiscal year 2026-27 (the "2026-27 State Budget"). The following is drawn from the DOF summary of the 2026-27 State Budget.

The 2026-27 State Budget largely maintains the framework of the Governor's May revision to the proposed 2026-27 State Budget (the "May Revision"), and is projected to provide for balanced State budgets

in both fiscal years 2026-27 and 2027-28, while reducing projected structural deficits in fiscal years 2028-29 and 2029-30. To assist in providing for a positive ending balance in the State reserve in fiscal year 2027-28 and manage State resources, the 2026-27 State Budget includes a transfer in fiscal year 2026-27 of $6.4 billion into the Projected Surplus Temporary Holding Account (the "Surplus Holding Account"). Created in 2004 by Assembly Bill 179, the Surplus Holding Account allows the State to set aside a portion of anticipated surplus funds and allocate them in a subsequent fiscal year. State leaders have broad authority to determine whether or how to use the Surplus Holding Account. The only requirement is that revenues that go into the account cannot remain there for longer than one year. If State revenues materialize as projected, the revenues in the account may be spent for any purpose or transferred back to the State general fund for future use.

The State budget for fiscal year 2025-26 included numerous spending measures that, at the time, were projected to result in almost $12 billion in ongoing savings. The 2026-27 State Budget includes three additional revenue measures that are intended to solidify the State's fiscal structure:

- *Managed Care Organization (MCO) Tax* – A renewal of the MCO Tax, effective January 1, 2027, which is projected to increase revenues by $575 million in fiscal year 2026-27, $2.3 billion in fiscal year 2027-28 and 2028-29, and $1.7 billion in fiscal year 2029-30, primarily to support the State Medi-Cal program and maintain targeted rate increases for primary, maternal and mental health care.

- *Business Tax Credit Limitation* – An extension of the temporary business tax credit limitation for an additional three years, which limits the amount by which carry-over business credits can reduce net tax liability. Beginning in 2030, the 2026-27 State Budget permanently limits the use of business tax credits to the greater of $5 million or 70% of the tax liability. This is projected to increase State general fund revenues by $1 billion in fiscal year 2026-27, $3.3 billion in fiscal year 2027-28, $4.7 billion in fiscal year 2028-29 and $4.2 billion in fiscal year 2029-30.

- *Prewritten Software Tax* – An extension of an existing sales tax on prewritten software. This is projected to increase State general fund revenues by $450 million in fiscal year 2026-27 and $900 million annually thereafter.

For fiscal year 2025-26, the 2026-27 State Budget projects total general fund revenues and transfers of $245.8 billion and authorizes expenditures of $245.3 billion. The State is projected to end fiscal year 2025-26 with total reserves of approximately $49.9 billion, including $11.5 billion in the BSA, $9.2 million in the PSSSA and $29.2 billion in traditional general fund reserves. For fiscal year 2026-27, the 2026-27 State Budget projects total general fund revenues and transfers of $226.8 billion and authorizes expenditures of $251.5 billion. The State is projected to end fiscal year 2026-27 with total reserves of approximately $28.8 billion, including $15.1 billion in the BSA, $9.2 billion in the PSSSA and $4.5 billion in the traditional general fund reserve. The Safety Net Reserve projected to have zero balances in both fiscal years.

The 2025-26 State Budget sets total funding in fiscal year 2026-27 for all TK-12 education programs at $151.4 billion, including $91.1 billion from the State general fund and $60.3 billion from other sources. The minimum funding guarantee in fiscal year 2026-27 is set at $128.1 billion. The 2026-27 State Budget also makes retroactive changes to the minimum funding guarantee in fiscal years 2024-25 and 2025-26, setting them at $124.9 billion and $125.3 billion, respectively. These revised levels represent an increase of approximately $29.2 billion over the three-year period relative to the State budget for fiscal year 2025-26, and an increase of approximately $1.2 billion from the May Revision.

Test 1 of the minimum funding guarantee is projected to be in effect over the three-year period, meaning that the guarantee is these years is roughly equal to 40% of projected State general fund revenues and local property taxes. This percentage is not reduced to reflect enrollment adjustments, which increases per-pupil spending. In addition, the revised minimum funding guarantee level for fiscal year 2024-25 fully retires

a $8.3 billion maintenance factor payment due in that year. To mitigate against potential future reductions in revenues and manage resources, the 2026-27 State Budget maintains a $3.9 billion settle-up amount in fiscal year 2025-26. If, in spring of 2027, revenues remain at the same or higher levels for fiscal year 2025-26, the State legislature will be required to pay this amount back to TK-14 school districts and will need to schedule this payment in State budgetary legislation, either from available funds or scheduled over multiple fiscal years.

Other significant features relating to TK-12 education funding include the following:

- *LCFF* – The 2026-27 State Budget includes a statutory COLA of 2.87% which, when combined with population growth adjustments, results in an increase of approximately $1.1 billion in discretionary funds for local educational agencies as compared to the State budget for fiscal year 2025-26. The 2026-27 State Budget includes an additional $1.1 billion in discretionary funding for the LCFF, resulting in a total COLA (statutory and discretionary) of 4.31%. These additional funds are intended to help local educational agencies manage rising costs, offset funding restrictions related to declining enrollment and fund a new requirement for paid pregnancy disability leave (see below). As a result the funding levels provided by the 2026-27 State Budget, the adjusted Base Grants for fiscal year 2026-27 are as follows: (i) $11,811 for grades TK-3, (ii) $10,860 for grades 4-6, (iii) $11,181 for grades 7 and 8, and (iv) $13,296 for grades 9-12. The adjusted add-on per ADA for TK funding is set at $5,704. Finally, the 2026-27 State Budget includes an ongoing increase of $31.3 million in Proposition 98 funding to provide a 20% increase in LCFF funding for Necessary Small Schools.
- *Paid Pregnancy Leave* – The 2026-27 State Budget requires all TK-14 local educational agencies to provide all employees with up to 14 weeks of paid pregnancy disability leave, beginning on January 1, 2027. Costs of the benefit are expected to be absorbable within the additional discretionary LCFF funding described above.
- *Special Education* – An increase of $2.4 billion in special education funding, representing a 43% increase over the funding level set in the prior year State budget. The 2026-27 State Budget also includes an ongoing allocation of $80 million for the special education cost pool, which provides reimbursement to special education local plan areas for students with specified high-cost service needs, as well as the low-incidence disability add-on, which provides funding to support students with rare, highly specialized needs. Additional measures also include (i) $30 million for the Supporting Inclusive Practices Project, which provides resources to schools and educators to expand students access to the general educational environment, (ii) a one-time increase of $25 million to the Inclusive College Technical Assistance Center, which facilitates collaboration between local educational agencies and institutions of higher education to expand inclusive college opportunities for disabled students, and (iii) $10 million in one-time funds to support implementation of alternative pathways for disabled students to obtain a high-school diploma.
- *Student Support and Professional Development* – $5 billion in one-time Proposition 98 funding for the Student Support and Professional Development Block Grant, which provides local educational agencies with additional fiscal support to address rising costs and fund Statewide priorities.
- *Community Schools* – $1 billion in ongoing Proposition 98 funding to expand community schools, which partner with educational, county and nonprofit entities to provide integrated health, trauma-informed mental health, social services and academic supports.
- *Literacy and Math Instruction* – $350 million in one-time Proposition 98 funding to extend funding for the support of the English Language Arts/English Language Development framework, which includes investments such as literacy coaches, reading specialists, trainings for educators, administering screenings and providing materials. The 2026-27 State Budget

also provides $50 million in one-time Proposition 98 funding to expand the reach of the Mathematics Professional Learning Partnership to include more local educational agencies and extend its impact beyond its current expiration date of June 30, 2029.

- *Teacher Preparation and Professional Development* – Nearly three quarters of a billion dollars to accelerate the State's progress in addressing teacher shortages, including (i) $408 million in additional one-time Proposition 98 funding for the Student Teacher Stipend Program, (ii) $250 million in one-time Proposition 98 funding to continue educational residency programs through 2029-30, (iii) $30 million in in one-time Proposition 98 funding for the Statewide teacher residency technical assistance center, (iv) $16.2 million in ongoing federal special education funds to continue the Golden State Teacher Grant Program, (v) $15 million in in one-time Proposition 98 funding to expand and enhance no-cost, high quality professional learning to support educational leaders and administrators, (vi) $10 million in in one-time Proposition 98 funding to provide competitive grants to local educational agencies to create pathways that will increase the number of bilingual teachers, and (vii) $10 million in in one-time Proposition 98 funding to support classified employees pursuing teaching credentials.
- *Immigrant Students* – $100 million in in one-time Proposition 98 funding to provide supportive services for newcomer pupils, English learners and immigrant families. The 2026-27 State Budget also provides $75 million in one-time Proposition 98 funding to establish Dream Resource Centers at high schools to support pupils with social services, State-funded immigration legal services, academic opportunities and parent and family workshops.
- *Early Education* - $250 million in in one-time Proposition 98 funding for the Universal Prekindergarten Planning & Implementation Grant, which will support the expansion of State preschool and Transitional Kindergarten programs to two-, three- and four-year old students. The 2026-27 State Budget also provides $51.4 million in ongoing Proposition 98 funding to provide increased monthly cost of care payments to State preschool program contractors and $33.6 million in ongoing Proposition 98 funding to increase the number of preschool development days.
- *Learning Recovery Emergency Block Grant* – $757.3 million in one-time Proposition 98 funding to support the Learning Recovery Emergency Block Grant, which supports local educational agencies in establishing learning recovery initiatives through the 2027-28 school year.
- *Kitchen Infrastructure* – $500 million in one-time Proposition 98 funding for specialized kitchen equipment, infrastructure and training to support schools in providing more freshy prepared meals made with local ingredients.
- *Student Homelessness* – $116 million in one-time Proposition 98 funding to provide three-year grants to local educational agencies to increase identification of and improve educational outcomes for students experiencing homelessness.
- *Dual Enrollment* - $100 million in one-time Proposition 98 funding to increase access to college and career pathways for high school students.
- *Holocaust and Genocide Education* - $10 million in one-time Proposition 98 funding for the Holocaust and Genocide Education Grant program to support professional development and provide resources on Holocaust and genocide education.
- *Reading Difficulties Screening* – $40 million in one-time Proposition 98 funding to support continued implementation of student reading difficulties screenings.

For additional information regarding the 2026-27 State Budget, see the DOF website www.dof.ca.gov. However, the information presented on such website is not incorporated herein by any reference.

Future Actions and Events. Neither the Borrower nor MERF can predict what additional actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. Neither the Borrower nor MERF also can predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the Borrower and MERF will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the Borrower and MERF.

Prohibitions on Diverting Local Revenues for State Purposes. Beginning in 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the State Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting redevelopment agency property tax increment to any other local government, including school districts, or from temporarily shifting property taxes from cities, counties and special districts to schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment will be to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert $1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of $1.7 billion in local property tax revenues from local redevelopment agencies, which local redevelopment agencies have now been dissolved. Redevelopment agencies had sued the State over this latter diversion. However, the lawsuit was decided against the California Redevelopment Association on May 4, 2010. Because Proposition 22 reduces the State's authority to use or shift certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget in some years – such as reducing State spending or increasing State taxes, and school and community college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Allocation of State Funding to Charter Schools

General Purpose Entitlement. Under the Charter School Law, each charter school is calculated to have a "general purpose entitlement," which has in the past been based on the statewide average amount of State aid, local property taxes and other revenue received by school districts of similar type and serving similar pupil populations. The general purpose entitlement is calculated on a per student basis at each of four grade level ranges (grades K-3, grades 4-5, grades 6-8, and grades 9-12) and is multiplied by the charter school's Average Daily Attendance ("ADA") in each grade level range.

Each charter school's general purpose entitlement is funded from local funding in lieu of property taxes and, to the extent such funding is insufficient to fulfill the entire entitlement, from money appropriated by the State from the State's general fund for education. The local share, which must be transferred in monthly

installments to the charter school by the sponsoring local educational agency in lieu of property taxes, is the average amount of property taxes per ADA received by the district, including charter school students, multiplied by the charter school's ADA.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as part of the 2013-14 State budget, established the current system for funding school districts, charter schools and county offices of education. Certain provisions of AB 97 were amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49) ("SB 91").

Funding. The primary component of AB 97, as amended by SB 91, was the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of State categorical program funding. State allocations are now provided on the basis of target base funding grants per unit of ADA (a "Base Grant") assigned to each of four grade spans (identical to the grade spans previously used for charter school funding). Each Base Grant is subject to certain adjustments and add-ons, as discussed below. Full implementation of the LCFF occurred over a period of eight fiscal years, concluding with the adoption of the State budget for fiscal year 2018-19. During the implementation period of the LCFF, an annual transition adjustment was calculated for each charter school, equal to such charter school's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, charter schools had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of the charter school's respective funding gap.

Base Grant. The Base Grants per unit of ADA for each grade span as of the first year of the LCFF's implementation, were as follows: (i) $6,845 for grades K-3; (ii) $6,947 for grades 4-6; (iii) $7,154 for grades 7-8; and (iv) $8,289 for grades 9-12. For fiscal year 2023-24, the Base Grants per unit of ADA are as follows: (i) $9,919 for grades K-3; (ii) $10,069 for grades 4-6; (iii) $10,367 for grades 7-8; and (iv) $9,329 for grades 9-12. During the implementation period of the LCFF, Base Grants were required to be adjusted annually for cost-of-living increases by applying the implicit price deflator for government goods and services. The provision of COLAs is now subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

The Base Grants for grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. The LCFF also provides additional add-ons to charter schools that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13.

The State budget for fiscal year 2021-22 also implemented a plan to expand the LCFF to include Transitional Kindergarten ("TK") to all four-year olds. This plan is expected to phase in cohorts of TK students over a four-year period, concluding in fiscal year 2025-26. As a result, school districts and charter schools that serve TK students will be eligible to receive an add-on equal to $2,813, multiplied by second principal reporting period ADA for TK students for the current fiscal year. Beginning in fiscal year 2023-24, this add-on is subject to COLA adjustments to the same degree as LCFF Base Grants.

Supplemental Grant. Charter schools that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI. Foster youth automatically meet the eligibility requirements for free or reduced priced meals, and are therefore not discussed herein separately. The LCFF authorizes a supplemental grant add-on (each, a "Supplemental Grant") for charter schools that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such charter schools' respective percentages of unduplicated EL/LI student enrollment.

Concentration Grant. Charter schools whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 50% of the applicable Base Grant multiplied by the percentage of such charter school's unduplicated EL/LI student enrollment in excess of the 55% threshold; provided that a charter school may not receive a Concentration Grant for a greater proportion of EL/LI than the highest percentage of any school district in which the charter school has a physical location.

For certain charter schools that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the general purpose funding such charter schools would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such charter schools in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a 1.94% COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on was paid incrementally over the eight-year LCFF implementation period.

The sum of a charter school's adjusted Base Grants, Supplemental Grants and Concentration Grants will be multiplied by the charter school's total current year ADA. This funding amount, together with any applicable ERT or categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district or charter school will amount to the difference between such total LCFF allocation and such entity's share of applicable local property taxes. Most school districts and charter schools receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts and charter schools.

Accountability. The SBE has adopted regulations regarding the expenditure of supplemental and concentration funding. These regulations include a requirement that school districts and charter schools increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts/schools on the basis of the number and concentration of such EL/LI students, as well as the conditions under which school districts and charter schools can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts and charter schools are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. Charter school LCAPs are required to be included in charter petitions and updated annually. School district and charter school LCAPs must be annually updated and posted on the district or charter school's website using a State-mandated standard reporting format.

Lottery Funding. Charter schools receive funding from the State Lottery Fund, which receives all proceeds from, among other sources, the sale of lottery tickets. Lottery funding is allocated to charter schools per unit of ADA. Lottery funds are distributed quarterly by the State Controller's Office. Funding is based on annual average ADA. Lottery funds are identified as either "Proposition 20" funds or "non-Proposition 20" funds. Proposition 20 lottery funds may only be used to purchase instructional materials. Non-Proposition 20 lottery funds are unrestricted, except that they may not be used for acquisition of property, construction of facilities, financing of research, or for other non-instructional purposes. Lottery funding is not included in the charter school categorical block grant. Lottery funding is approximately 2% of public school revenues and is estimated at $249 per unit of ADA for the 2023-24 fiscal year, of which approximately $177 is "non-Proposition 20" and $72 is "Proposition 20" funding.

Categorical Funding. Charter schools may apply for and receive categorical funds for many programs that are not included in general purpose entitlement funding, if otherwise eligible, but may not receive aid for programs exclusively or almost exclusively provided by a county office of education.

Charter School Facility Grant Program Funding. In fiscal year 2024-25, charter schools that meet certain criteria are eligible to receive additional funding per unit of ADA to reimburse an amount up to 75% of their annual facilities rent and lease costs from amounts appropriated under the annual Budget Act (as defined below) under the Charter School Facility Grant ("SB740") Program. This per-ADA amount may increase in future years based on cost of living adjustments. To be eligible for SB 740 benefits: (i) 55% or more of the charter school's students must be eligible for free or reduced priced meals; or (ii) the charter school must be located in the attendance area of a public elementary school in which 55% or more of students are eligible for free or reduced priced meals and the charter school must give a preference in admissions to students who are currently enrolled in that public elementary school and to students who reside in the elementary school attendance area where the charter school is located. See "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP" attached hereto.

SB 740 facilities funding may be used for costs associated with facilities rents and leases (consistent with the definitions used in the California School Accounting Manual) ("Facility Rents"), and for costs associated with remodeling buildings, deferred maintenance, initially installing or extending service systems and other built-in equipment, and improving sites (collectively, "Other Costs"). SB 740 facilities funding is not included in the charter school categorical block grant.

SB 740 funding is subject to the annual Budget Act. In the event insufficient moneys are appropriated to the program, the available moneys are first used to reimburse for Facility Rents (on a pro rata basis if moneys are insufficient), and any remaining moneys are apportioned to reimburse for Other Costs on a pro rata basis. In addition to the risk of underfunding, should there be any changes to the free and reduced-price meal eligibility data, the amount of grant moneys, which is awarded in three disbursements, may be adjusted or transfer of moneys back to the Authority may be required.

The SB 740 program is administered by the Authority. In prior years, the program has been "undersubscribed," meaning that awards were not limited by the level of appropriation. However, the program was "oversubscribed" in fiscal years 2017-18 through 2021-22, with awards being reduced on a pro-rata basis.

Effective beginning fiscal year 2017-18, reimbursable costs under the SB 740 program are limited to either of the following conditions: (i) reimbursable facility rent or lease costs do not exceed the prior year's costs on file with CSFA as of fiscal year 2016–17, subject to a cost-of-living adjustment; or (ii) the rent or lease costs of new facility agreements are at or below market rate based on an independent appraisal paid for by the charter school. See "CERTAIN RISK FACTORS – SB 740 Funding" herein.

Set forth in the following table are historical data regarding SB 740 funding and awards for fiscal years 2019-20 through 2024-25. The final funding and awards for fiscal year 2025-26 is anticipated in early 2027.

HISTORICAL SB 740 GRANT AWARDS
Fiscal Years 2019-20 to 2024-25

		2019-20	*2020-21*	*2021-22*	*2022-23*	*2023-24*	*2024-25*
A.	**No. of Schools Awarded**	437	424	423	414	437[1]	453[1]
B.	**Total Amount Awarded**	$136,786,000	$136,786,000	$143,520,000	$183,387,413	$193,583,000[1]	$168,040,000[1]
	Amount awarded for lease costs	136,786,000	136,786,000	143,520,000	153,387,413	$163,583,000[1]	$168,040,000[1]
	Amount awarded for Other Costs	--	--	--	30,000,000	30,000,000	--
C.	**Total Moneys Appropriated to SB 740[2]**	$136,786,000	$136,786,000	$143,520,000	$184,273,000	$193,583,000	$168,040,000
D.	**Subscription Percentage[4]**	103%	108%	101%	99%	105%[1]	110%[1]
E.	**Total Average Daily Attendance ("ADA")[5]**	165,489	172,143	171,812	158,489	175,839[8]	186,224[8]
F.	**Average Award Per ADA[6]**	$827	$795	$939	1,154[1]	$1,111[1]	$956[1]
G.	**Maximum Award Allowed Per ADA[7]**	$1,184	$1,211	$1,232	$1,313	$1,421	$1,436

(1) Figures are current estimates as of March 3, 2026, and subject to change.

(2) Moneys annually appropriated by the State Legislature toward SB 740 grant awards. For 2022-23 and 2023-24 only, an additional amount of $30 million was provided for the reimbursement of other facility related costs.

(3) In fiscal years 2019-20, 2020-21, and 2021-22, CSFA funded lease costs at 97.47%, 92.61%, and 98.89%, respectively, and therefore was unable to fund other costs. The SB740 program was not oversubscribed in fiscal year 2022-23. See "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP" attached hereto.

(5) Total ADA from all schools awarded in each fiscal year.

(6) Equal to the "Amount Awarded" divided by the "Total ADA." The Average Award Per ADA is lower than the Maximum Award Allowed Per ADA because a significant number of schools do not qualify for the maximum amount allowed; instead they are capped at 75% of actual rent. For 2024-25, figures are current estimates because SB 740 applications are still being received and final awards are being calculated.

(7) SB 740 Program grant awards are calculated at the lesser of: (a) 75% of actual costs paid or (b) maximum award allowed per ADA by State law. Lease costs are capped by the lower of: (a) fair market value determined independent appraisal or (b) a cost-of-living adjustment increase based on the prior year's eligible lease costs. Pursuant to a change in State law passed by the Legislature in June 2017, the maximum award allowed by State law was increased from $750 per ADA to $1,117 per ADA, subject to cost-of-living adjustments. The maximum award for fiscal year 2024-25 was $1,436.

(8) Total ADA for fiscal year 2024-25 is provided through the California Department of Education's Certified 2024-25 Second Principal Apportionment Attendance Data.

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Annual Funding Components. The following tables describe LCFF funding of California charter school education for Fiscal Year 2022-23 through 2026-27:

Fiscal Year 2022-23

	Grades				
	TK	***K-3***	***4-6***	***7-8***	***9-12***
Target LCFF Base Grant	$9,166	$9,166	$9,304	$9,580	$11,102
TK-3/9-12 Grade Span Add-ons	953	953	--	--	289
Transitional Kindergarten Add-on	2,813	--	--	--	--
Total[(2)]	$12,932	$10,119	$9,304	$9,580	$11,391

Fiscal Year 2023-24

	Grades				
	TK	***K-3***	***4-6***	***7-8***	***9-12***
Target LCFF Base Grant	$9,919	$9,919	$10,069	$10,367	$12,015
TK-3/9-12 Grade Span Add-ons	1,032	1,032	--	--	312
Transitional Kindergarten Add-on	3,044	--	--	--	--
Total[(2)]	$13,995	$10,951	$10,069	$10,367	$12,327

Fiscal Year 2024-25

	Grades				
	TK	***K-3***	***4-6***	***7-8***	***9-12***
Target LCFF Base Grant	$10,025	$10,025	$10,177	$10,478	$12,144
TK-3/9-12 Grade Span Add-ons	1,043	1,043	--	--	316
Transitional Kindergarten Add-on	3,077	--	--	--	--
Total[(2)]	$14,145	$11,068	$10,177	$10,478	$12,460

Fiscal Year 2025-26

	Grades				
	TK	***K-3***	***4-6***	***7-8***	***9-12***
Target LCFF Base Grant	$10,256	$10,256	$10,411	$10,719	$12,423
TK-3/9-12 Grade Span Add-ons	1,067	1,067	--	--	323
Transitional Kindergarten Add-on	5,545	--	--	--	--
Total[(2)]	$16,868	$11,323	$10,411	$10,719	$12,746

Fiscal Year 2026-27[(3)]

	Grades				
	TK	***K-3***	***4-6***	***7-8***	***9-12***
Target LCFF Base Grant	$10,698	$10,698	$10,860	$11,181	$12,958
TK-3/9-12 Grade Span Add-ons	1,113	1,113	--	--	337
Transitional Kindergarten Add-on	5,784	--	--	--	--
Total[(2)]	$17,595	$11,811	$10,860	$11,181	$13,295

(1) Estimated.

(2) Excludes special education, nutrition, After School Education and Safety, SB 740, Charter School Facility Grants, No Child Left Behind or Every Student Succeeds Act, class size reduction, supplemental instruction, economic impact aid, and National School Lunch Program funding and any private philanthropy, grants, or other fund-raising.

(3) The Fiscal Year 2026-27 funding amounts are preliminary, used for initial budgeting purposes in general. For specific projections with respect to the Financed Schools, see "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP" attached hereto.

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CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING EDUCATION REVENUES AND APPROPRIATIONS

Limitations on Revenues

Article XIIIA of the California Constitution. Article XIIIA of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIIIA limits the maximum ad valorem tax on real property to one percent of "full cash value," and provides that such tax will be collected by the counties and apportioned according to State law. Section 1(b) of Article XIIIA provides that the one-percent limitation does not apply to ad valorem taxes levied to pay interest and redemption charges on: (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district voting on the ballot proposition, but only if certain accountability measures are included in the bond proposition. Charter schools may not conduct bond elections or issue bonds payable from property taxes, but may benefit from the proceeds of bonds issued by the school district in which the charter school is located.

Section 2 of Article XIIIA defines "full cash value" to mean the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. The Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restored value of the damaged property. The California courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIIIA provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except the 1% base tax levied by each County and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIIIA has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of local school districts.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIIIA.

Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration of value of the damaged property. The constitutionality of this procedure was challenged in a lawsuit brought in 2001 in the Orange County Superior Court and in similar lawsuits brought in other counties, on the basis that the decrease in assessed value creates a new "base year value" for purposes of Proposition 13 and that subsequent increases in the assessed value of a property by more than 2% in a single year violate Article XIIIA. On appeal, the California Court of Appeal upheld the recapture practice in 2004, and the State Supreme Court declined to review the ruling, leaving the

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recapture law in place. Charter schools are not directly dependent on local property taxes. To the extent local property taxes fund the general purpose entitlement, losses in local property tax income are required to be made up by the State.

Proposition 30

On November 6, 2012, voters of the State of California approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increases the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposes an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposes an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017, for storage, use, or other consumption in the State. This excise tax will be levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but not over $300,000 for single filers (over $340,000 but not over $408,000 for joint filers), (ii) 2% for taxable income over $300,000 but not over $500,000 for single filers (over $408,000 but not over $680,000 for joint filers), and (iii) 3% for taxable income over $500,000 for single filers (over $680,000 for joint filers). The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends through 2030 the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30. Proposition 55 did not extend the sales tax rate increase enacted under Proposition 30.

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be

transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as an emergency within the meaning of Article XIIIB of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of the funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the Minimum Funding Guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the Minimum Funding Guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the Minimum Funding Guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated Minimum Funding Guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

2024 State School Facilities Bond

The Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair and Safety Bond Act of 2024 (referred to herein as the "2024 State School Facilities Bond" was a ballot measure that was approved by State voters on November 5, 2024. The 2024 State School Facilities Bond authorizes the sale and issuance of $10 billion in State general obligation bonds for the repair, upgrade and construction of facilities at K-12 public schools, community colleges and career technical education programs, including the development of health and safety conditions.

K-12 School Facilities. The 2024 State School Facilities Bond includes $3.3 billion for the new construction of K-12 facilities and an additional $4 billion for the modernization of existing K-12 facilities.

Up to $10 million of the allocation for new constructions will be reserved for small school districts with an enrollment of fewer than 2,501 students. Of the $4 billion assigned for modernization of existing K-12 facilities, up to $115 million will be allocated for the repairment of lead in water at school facilities. Generally, K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. However, some districts that have lower assessed property values and meet certain other socio-economic criteria will be required to pay as low as 45% and 35% of new construction costs and modernization costs, respectively. In addition, a total of $1.2 billion will be available for the modernization and new construction of charter school facilities ($600 million) and technical education facilities ($600 million). The State will award funds to technical education and charter school through an application process, and charter schools must be deemed financially sound before project approval.

Community College Facilities. The 2024 State School Facilities Bond includes $1.5 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. The table below shows the expected use of bond funds under the 2024 State School Facilities Bond:

2024 STATE SCHOOL FACILITIES BOND
Use of Bond Funds
(In Millions)

K-12 Public School Facilities	
New construction	$3,300
Modernization	4,000
Career technical education facilities	600
Charter school facilities	600
Subtotal	$8,500
Community College Facilities	$1,500
Total	$10,000

Neither the Borrower nor the Lessee makes any representation or guarantees that they will either pursue or qualify for facilities funding under the 2024 State School Facilities Bond program.

Future Initiatives

Articles XIIIA, Proposition 98 and Proposition 30 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting State and local revenues for education, and the ability or obligation of these government agencies to expend revenues for charter school purposes.

CERTAIN RISK FACTORS

Investment in the Bonds involves substantial risks. The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exclusive listing of risks and other considerations which may be relevant to investing in the Bonds, and the order in which the following information is presented is not intended to reflect the relative importance of any such risks. Certain factors which could result in a reduction of revenues available to the Obligated Group and a corresponding reduction in payments made to the Authority are discussed herein.

A number of factors could have an adverse impact on the ability of MERF to generate revenues needed to meet its obligations under the Leases and the School Loan Agreements, which could, in turn, have an adverse effect on the ability of the Borrower and the Members of the Obligated Group to generate sufficient revenues to meet their respective obligations to make payments due under the Loan Agreement and Obligation

No. 3. The ability of MERF to generate sufficient revenues to make payments under the Leases and the School Loan Agreements is dependent upon a number of elements, including State budget pressures, demand for charter schools, the ability of the Magnolia Schools to provide the educational services and classes demanded by parents or to attract students generally, changes in the level of confidence in the public school system in general or public charter schools in particular, competition, faculty recruitment, demographic changes, legislation, governmental regulations, changes in immigration policy, litigation and the Schools' ability to achieve enrollment and fundraising levels. This, in turn, is affected by numerous circumstances both within and outside the control of the Obligated Group and MERF, including a continuation of favorable governmental policies and programs with respect to public charter schools (see "CHARTER SCHOOLS" herein); the competitive appeal and perceived quality of the Magnolia Schools' curriculum; the ability and energy of the Magnolia Schools' respective faculties and administration; and the benevolence of the Magnolia Schools' supporters. There can be no assurance given that revenues of the Obligated Group or the revenues of MERF will not decrease. Any and all financial projections are only good faith estimates and are not intended as a representation or warranty as to the future financial condition of the members of the Obligated Group or MERF.

See "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP," and "APPENDIX B – CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF MERF AND AFFILIATES FOR THE FISCAL YEAR ENDED JUNE 30, 2025" attached hereto.

Sufficiency of Revenues

The Bonds are payable primarily from Payments which are derived from payments received under the Loan Agreement and Obligation No. 3.

The Borrower's primary expected source of the revenues for payment of its obligations under the Loan Agreement will be the Lease Payments that MPM 18120 Sherman Way and MPM Vanowen Street receive from MERF pursuant to the Series 2026CD Leases. In addition, Obligation No. 3 is secured by a pledge of the Gross Revenues of the Members of the Obligated Group, which consist of Lease Payments under the other Leases and School Loan Repayments under the School Loan Agreements. Based on present circumstances, including the successful operating history of the Magnolia Schools, MERF believes it will generate a sufficient amount of such revenues to meet its payment obligations under the Leases and the School Loan Agreements representing the source of payment by the Borrower and the Members of the Obligated Group of debt service on the Bonds. However, any of the Magnolia Schools' charters may be terminated or not extended or renewed, or the basis of the assumptions utilized by MERF and the Borrower to formulate such beliefs may otherwise change. No representation or assurance can be made that the members of the Obligated Group generate or will continue to generate sufficient revenues to meet their obligations under the Loan Agreement and Obligation No. 3 with respect to the Bonds.

Moreover, although in addition to the property subject to the Leases, the Borrower and its affiliates own and lease other facilities through its affiliates to other charter schools, the obligations represented by the Loan Agreement and Obligation No. 3 are not secured generally by such properties of the Borrower's affiliates.

THE BONDS ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY, AND ARE NOT AND SHALL NOT BE DEEMED TO BE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. THE ISSUANCE OF THE

BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER. NOTHING IN THE BOND INDENTURE, THE ACT OR OTHERWISE IS AN UNDERTAKING BY THE AUTHORITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO FUND THE TRANSFERS DESCRIBED IN THE INTERCEPT NOTICE OR TO MAKE FUNDS AVAILABLE TO THE FINANCED SCHOOLS IN ANY AMOUNT OR AT ANY TIME.

Outbreak of Disease; Coronavirus

An outbreak of disease or similar public health threat, such as the coronavirus ("COVID-19") pandemic, or fear of such an event, could have an adverse impact on the financial condition and operating results of MERF and the Borrower.

The spread of COVID-19 had significant negative impacts throughout the world. The World Health Organization declared the COVID-19 outbreak to be a pandemic, and states of emergency were declared by the State and the United States. The purpose behind these declarations was to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for the then-expected wider spread of the virus. Although the states of emergency declared by the State and the United States were subsequently ended, those declarations and actions taken in conjunction therewith had serious economic and financial consequences for businesses, public schools, and other institutions. No assurance can be made that future pandemics or outbreaks of disease will not have similar adverse effects on MERF or the Borrower.

Operating History; Reliance on Projections

See Appendix A for information regarding projected enrollment of each of the Magnolia Schools. No assurance is given that such projections will be met, or that the number of students attending the Magnolia Schools may not diminish in the future. The projections of revenues and expenses contained in Appendix A are based upon the number of students projected to be enrolled at the Financed Schools and the other Magnolia Schools and were prepared by MERF for the Borrower and have not been independently verified by any party other than MERF.

No feasibility studies have been conducted with respect to operations of the Facilities pertinent to the Bonds. The projections are "forward-looking statements" and are subject to the general qualifications and limitations described herein. The Underwriter has not independently verified the Borrower's projections set forth in Appendix A or otherwise, and makes no representations nor gives any assurances that such projections, or the assumptions underlying them, are complete or correct. Further, the projections relate only to a limited number of fiscal years, and consequently do not cover the entire period that the Bonds will be outstanding.

THE LESSEE PREPARED THE PROJECTIONS BASED ON ASSUMPTIONS ABOUT FUTURE STATE FUNDING LEVELS AND FUTURE OPERATIONS OF ITS SCHOOLS, INCLUDING STUDENT ENROLLMENT AND EXPENSES. THERE CAN BE NO ASSURANCE THAT ACTUAL ENROLLMENT REVENUES AND EXPENSES WILL BE CONSISTENT WITH THE ASSUMPTIONS UNDERLYING SUCH PROJECTIONS. MOREOVER, NO GUARANTEE CAN BE MADE THAT THE PROJECTIONS OF REVENUES AND EXPENSES INCLUDED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE CAN BE NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE PROJECTIONS' UNDERLYING ASSUMPTIONS. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED STATE OR FEDERAL AID PAYMENTS, OR OTHERWISE), EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENT REGULATIONS, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN

EDUCATION COMPETITION AND CHANGES IN LOCAL OR GENERAL ECONOMIC CONDITIONS. REFER TO APPENDIX A, ATTACHED HERETO, TO REVIEW THE PROJECTIONS, THEIR UNDERLYING ASSUMPTIONS, AND THE OTHER FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER SIGNIFICANTLY FROM PROJECTED RESULTS. REFER TO "INTRODUCTION" ABOVE, FOR QUALIFICATION AND LIMITATIONS APPLICABLE TO FORWARD-LOOKING STATEMENTS.

Dependence on State Aid Payments that are Subject to Annual Appropriation and Political Factors

California charter schools such as the Lessee's Schools may not charge tuition and have no taxing authority. The primary source of revenue generated by charter schools is aid provided by the State for all public schools. The amount of State aid received with respect to any individual school is based on a variety of factors. The amount of aid available in any year to pay the per pupil allowance is subject to appropriation by the California Legislature. The Legislature bases its decisions about appropriations on many factors, including the State's economic performance. Moreover, because some public officials, their constituents, commentators and others have viewed charter schools as controversial, political factors may also come to bear on charter school funding. As a result, the Legislature may not appropriate funds, or may not appropriate funds in a sufficient amount, for the Schools to generate sufficient revenue to allow the Lessee to meet its obligations under the Leases and the School Loan Agreements representing debt service payments on the Bonds. No liability would accrue to the State in such event, and the State would not be obligated or liable for any future payments or any damages. If the State were to withhold State aid payments for any reason, even for a reason that is ultimately determined to be invalid or unlawful, any of the Lessee's Schools could be forced to cease operations.

Possible Offsets to State Apportionment

Section 41344 of the Education Code provides that if an audit or review requires any of the Lessee's Schools to repay prior year apportionments because of significant audit exceptions, including penalty payments ("Audit Exceptions"), the Superintendent of Public Instruction (the "Superintendent") and the Director of the Department of Finance (the "Director"), or their designees, will jointly establish a plan for the annual repayment of Audit Exceptions (the "Audit Repayment Plan"), which under certain circumstances can extend for a period of up to eight equal annual payments. The State Controller withholds from the State School Fund the amounts specified in the Audit Repayment Plan. If the Superintendent and the Director do not establish an Audit Repayment Plan, the State Controller withholds the entire amount of the Audit Exceptions from the next apportionment.

Included in the principal apportionment is the general-purpose entitlement for charter schools, which are the "funds subject to intercept" pursuant to Section 17199.4 of the Education Code ("Section 17199.4"). Specifically, the funds subject to intercept are funds apportioned for purposes of the charter school block grant or the local control funding formula (as described in Section 17199.4) with respect to the Lessee's Schools.

Because the apportionments are the sum of multiple program entitlement calculations as well as prior adjustments, the amount available may be more or less than the calculated amount of funds subject to intercept. The amount available for intercept is therefore the lesser of periodic calculated funds subject to intercept and the amount of cash provided to the Lessee with respect to the Schools by the State.

The State Controller may reduce the funding available in the payment schedules for these apportionments to offset for funds owing to the State. These offsets include, but are not limited to, the following: Charter School Revolving Loan (Education Code Section 41365), Class Size Reduction (Education Code Section 52124); Audit Repayment (Education Code Sections 41341, 41344); and Accounts Receivable (Government Code Section 12419.5), in addition to other possible authorized or required offsets, or additional offsets not yet authorized by legislation. None of the foregoing offsets is currently applicable to the Lessee's Schools.

Charter School Facilities Program Intercepts

As noted above, the Intercepts for MSA-SD, MSA-SA, and MSA-5 are effectively subordinate to the CSFP Intercepts (as defined below) previously implemented with respect to MSA-SD and MSA-SA, to be implemented with respect to MSA-5, and related to the State's Charter School Facilities Program.

MSA-SA. In May 2015, the State Allocation Board approved funding for the project located at MSA-SA in the amount of $17,413,956. Facilities funded pursuant to the Charter School Facilities Program are required to have a 50% Local Matching Share for site acquisition and new construction and the State funds in an amount not to exceed 50% of the total project cost. In connection with the project at the MSA-SA Facilities, the State allocated $8,706,978 in the form of a grant through Proposition 1D. In lieu of a lump sum Local Matching Share, MERF entered into the MSA-SA CSFP Loan on behalf of MSA-SA.

As security for the MSA-SA CSFP Loan and as a condition to establish MERF's financial soundness, MERF, on behalf of MSA-SA, agreed to cause funds necessary for the loan payments under the MSA-SA CSFP Loan to be funds subject to intercept under Section 17199.4 of the Education Code (a "CSFP Intercept"). Funds subject to the CSFP Intercept for MSA-SA by the Controller are limited to funding apportioned to MERF for purposes of the charter school block grant or the Local Control Funding Formula pursuant to the Education Code. The CSFP Intercept for MSA-SA preceded the Intercept approved for the Series 2025 Bonds.

MSA-SD. The State Allocation Board also previously approved funding for an earlier proposed facility to house MSA-SD. The Lessee received an advance apportionment for design and planning purposes, but the project was abandoned in 2016 after SDUSD offered the Lessee the use of the current site of the MSA-SD Facilities. The Lessee is in the process of repaying the State for the advance apportionment through a CSFP Intercept. The total amount outstanding $93,848, which is being repaid over a thirty year term, ending November 1, 2052.

MSA-5. In addition, a CSFP Intercept with respect to MSA-5 will be established for repayment of the CSFP loan for MSA-5. See " – Additional Indebtedness and Additional School Indebtedness" below.

To the extent funds are due with respect to a CSFP Intercept for MSA-5, MSA-SA, or MSA-SD and the Intercept for the applicable issue of Prior Bonds at or about the same time, MERF expects that the CSFP Intercept for such Schools will precede the application of the Intercept in connection with the Prior Bonds.

See also, "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP – OPERATING AND FINANCIAL INFORMATION – Outstanding Debt."

Default Under a Lease; No Assurance Regarding Subsequent Tenant

If the Lessee defaults under a Lease, the Members of the Obligated Group may not have sufficient funds to satisfy their obligations under the Loan Agreement and Obligation No. 3, absent re-leasing – or in appropriate cases, selling – the applicable Facility. Were the Lessee to default under a Lease, there is no assurance that the applicable Member would be able to find a new tenant for the applicable Facility which could generate revenues in a sufficient amount to allow the Borrower and members of the Obligated Group to make payments under the Loan Agreement and Obligation No. 3 to satisfy debt service on the Bonds or a buyer that would purchase such Facility for a sufficient amount to allow the Borrower to repay principal and interest with respect to the Loan. This risk is heightened by the fact that each of the Facilities has been improved specifically for use as a charter school campus and may be legally restricted to that use.

Survival of Leases after a Bond Default and Foreclosure

The Borrower, MPM Sherman Way, the Lessee, and the Master Trustee entered into a Subordination, Non-Disturbance and Attornment Agreement in connection with the MSA-1 Lease (the "SNDA"). The SNDA addresses the priority of the rights between the Lessee and the Master Trustee. The SNDA provided that the Lessee's rights under the MSA-1 Lease to the use, possession and enjoyment of the applicable MSA-1 Facilities will not be disturbed by the Master Trustee so long as no event of default exists under the MSA-1 Lease. The non-disturbance portion assures the Lessee that its rights to the MSA-1 Facilities will be preserved ("nondisturbed") on specified conditions within control of the Lessee if the Borrower defaults on its Loan with the Authority and the Master Trustee forecloses on the MSA-1 Facilities. The attornment component of the SNDA provides that the Lessee will continue its obligations under the MSA-1 Lease if a new landlord takes over such Lease.

Additional Indebtedness and Additional School Indebtedness

The Master Indenture permits the issuance of Additional Indebtedness on a parity basis with Obligation No. 3 if certain conditions are met. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Master Indenture – Limitations on Additional Indebtedness" herein. The Borrower expects to acquire, construct and equip additional charter schools in the future. If it does, or for certain other expenses, it may issue Additional Indebtedness which may or may not be on a parity basis with Obligation No. 1 and Obligation No. 3 and may or may not be issued through the Master Indenture. If secured on a parity basis, any such parity indebtedness would be entitled to share ratably with the holders of the Bonds and any other holder of parity debt in any moneys realized from the exercise of remedies in the event of a default by the Borrower to the extent provided in the Bond Documents. The amount of any such Additional Indebtedness is undetermined at this time. The issuance of Additional Indebtedness may adversely affect the investment security of the Bonds.

Under the Leases and School Loan Agreements, the Lessee may also issue additional indebtedness, subject to certain conditions and limitations. See "THE LEASES AND SCHOOL LOAN AGREEMENTS – Certain Related Covenants – Financial Covenants – Limitation on Liens on Program Revenues" and " – Limitations on Obligated Group Program Indebtedness" herein. The issuance of such additional Lessee indebtedness may adversely affect the investment security of the Bonds.

Grant Anticipation Notes and Related Obligations. On April 17, 2025, the Authority issued its Grant Anticipation Notes, in a principal amount not to exceed $29,500,000 pursuant to that certain Indenture, dated as of April 1, 2025, by and between the Authority and the Notes Trustee. See "INTRODUCTION – Grant Anticipation Note Financing" herein. The proceeds of the sale of the Grant Anticipation Notes were loaned to the Borrower pursuant to the Note Loan Agreement. In turn, the Borrower loaned such proceeds of the Grant Anticipation Notes to the Lessee pursuant to the Grant Anticipation Note Loan Agreement, in order to finance a portion of the costs of construction of the MSA-5 Facility. The obligations of the Lessee under the Grant Anticipation Note Loan Agreement are not a general obligation of the Lessee; rather, such obligations are payable only from the proceeds of an award pursuant to the State's Charter School Facility Program.

The State Allocation Board approved a preliminary apportionment for the Lessee in the amount of $50,832,322 (the "Preliminary Apportionment") from the State's Charter School Facility Program, for the purpose of financing a portion of the acquisition and construction of the MSA-5 Facility. Pursuant to the Charter School Facility Program, when and if received by the Lessee, 50% of the amounts of such Preliminary Apportionment will consist of a grant to the Lessee, while the remaining 50% of such amounts will consist of a loan (the "MSA-5 CSFP Loan") to the Lessee that will be repaid through an intercept of apportionment made by the State Controller. The MSA-5 CSFP Loan will constitute additional indebtedness of the Lessee.

Upon satisfaction of the applicable requirements of the Charter School Facility Program, the Lessee expects to receive the CSFP Award. The CSFP Award is expected to be wired directly to the Notes Trustee on

behalf of the Lessee, and a portion of such award will be used to pay the obligations of the Lessee under the Grant Anticipation Note Loan Agreement, before any remaining amount of the CSFP Award is made available for payment of costs related to the MSA-5 Facility. See "APPENDIX E – CHARTER SCHOOL FACILITIES PROGRAM AND AWARD FUNDING."

Addition and Removal of Members

The Master Indenture permits the addition of Members under the Obligated Group, but it also permits the removal of Members, subject to certain conditions and limitations. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Master Indenture – Withdrawal from Obligated Group" herein. Any such withdrawal of Members from the Obligated Group may decrease the revenues available for payment of debt service on the Bonds and may adversely affect the investment security of the Bonds.

No Fee Interest in Certain Facilities

While MPM Sherman Way holds a fee interest in the land and improvements constituting the MSA-1 Facilities, and each of MPM 18120 Sherman Way and MPM Vanowen Street will hold a fee interest in their respective Series 2026CD Facility, MPM San Diego holds no interest in the land that is the site of the MSA-SD Facilities.

The MSA-SD Ground Use License is coterminous with the MSA-SD charter term. MSA-SD Ground Use License provides that it automatically and immediately terminates upon the effective date of any termination or revocation of the MSA-SD Charter. Although MPM San Diego has granted the Master Trustee a security interest in the modular buildings that constitute the MSA-SD Facilities, such modular buildings would have to be relocated in the event of a termination of the MSA-SD Ground Use License.

Pursuant to the Mortgages, the interests of MPM Sherman Way, MPM 18120 Sherman Way, and MPM Vanowen Street in their respective Facilities secure their obligations under the Master Indenture. But, no such mortgage or deed of trust secures the obligations of MSA-SD or MSA-SA under the Master Indenture. Moreover, no Member of the Obligated Group will hold any interest in the MSA-SA Facilities or the MSA-5 Facility.

State Lien and Restrictive Covenants, Conditions and Restrictions on MSA-SA Facilities and MSA-5 Facility. Pursuant to the requirements of the CSFP Program, the Lessee's interest in each of the MSA-SA Facilities and the MSA-5 Facility is subject to (i) a recorded lien in favor of the State reflecting that each of such Facilities are held in trust by the Lessee for the benefit of the State public school system, and (ii) a recorded restrictive covenant providing as follows:

1. The applicable Facilities and any facilities constructed, rehabilitated, or retrofitted at the such Facilities using funds allocated pursuant to the CSFP Program shall be used only for public school purposes as authorized in the California Constitution and statute;

2. In the event the applicable Facilities are no longer needed for charter school purposes, title to such Facilities shall vest in the school district in which the property is physically located, which the school district shall hold in trust for benefit of the State public school system. The remainder interest provided in the restrictive covenant shall be triggered when the applicable Facilities are no longer needed for charter school purposes and shall then be subject to paragraphs (2) to (6) , inclusive, of subdivision (b) of Section 17078.62 of the Education Code;

3. In the event the applicable school district disclaims its interest in the Facilities, title shall vest in the State;

4. A successor charter school, qualified pursuant to Section 17078.62(b)(2) of the Education Code (the "Lessee's successor"), shall be permitted to meet its facilities needs by occupying the applicable Facilities, for the benefit of the State public school system, on equal terms as the Lessee, including, but not limited to, assumption of fee simple title to such Facilities; and

5. The restrictive covenant shall run with the land and shall be binding upon the Lessee, its successors, and all parties having or acquiring any right, title or interest in the applicable Facilities or any part thereof, and shall inure to the benefit of the State.

Reserve Account

The Bond Indenture establishes the Reserve Account within the Revenue Fund for payment of principal of and interest on the Bonds to the extent the Payments are insufficient to make such payments. Although the Borrower believes such reserve to be reasonable and anticipates that the Payments will be sufficient to cover the debt service on the Bonds, there is no assurance that funds on deposit in the Reserve Account and future Payments will be sufficient to cover debt service on the Bonds.

Purchases and Transfers of Bonds Restricted to Qualified Institutional Buyers and Accredited Investors

As described in the "NOTICE TO INVESTORS" that precedes the Table of Contents of this Limited Offering Memorandum, the Bonds are to be sold (including in secondary market transactions) only to Qualified Institutional Buyers or Accredited Investors. The Bond Indenture contains provisions limiting transfers of the Bonds and beneficial interests therein to Qualified Institutional Buyers or Accredited Investors. The face of each Bond will contain a legend indicating that the Bond is subject to transfer restrictions as set forth in the Bond Indenture. The Bonds will be issued in minimum denominations of $25,000 and any integral multiple of $5,000 in excess thereof (or the aggregate principal amount of any maturity of the Bonds Outstanding, if lower, in integral multiples of $5,000). In light of these restrictions, purchasers should not expect that there will be an active secondary market for the Bonds.

There can be no assurance that there will be a secondary market for the purchase or sale of the Bonds, and there may be no market for the Bonds depending upon prevailing market conditions, the financial condition or market position of firms who make up the secondary market and the financial position and results of operations of the Borrower. The Underwriter is not obligated to create a secondary market for the purchase or sale of the Bonds.

Investors should be aware that they might be required to bear the financial risks of this investment for an indefinite period of time and/or that to the extent there is a secondary market for the Bonds, the secondary market price of the Bonds may be affected as a result of the restrictions. If a trading market for the Bonds develops, future trading prices of such Bonds will depend on many factors, including, among other things, prevailing interest rates and the market for similar instruments. Depending upon those and other factors, the Bonds may trade at a discount from their principal amount.

Tax Related Issues

Tax-Exempt Status of Interest on the Series 2026C Bonds. The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Series 2026C Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of Series 2026C Bond proceeds, limitations on the investment earnings of Series 2026C Bond proceeds prior to expenditure, a requirement that certain investment earnings on Series 2026C Bond proceeds be paid periodically to the United States and a requirement that the issuers file an information report with the Internal Revenue Service (the "IRS"). The Authority, the Borrower, and MERF have covenanted in certain of the documents referred to herein that they will comply with such requirements. Failure by any of the foregoing to comply with the requirements stated in the Code and related regulations, rulings and policies may result in

the treatment of interest on the Series 2026C Bonds as taxable, retroactively to the date of issuance of the Series 2026C Bonds.

Existence and Maintenance of Tax-Exempt Status. The Lessee and the Borrower have been organized to provide various educational and philanthropic services. See "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP." The tax-exempt status of the Series 2026C Bonds depends upon the existence and maintenance by the Borrower and the Lessee of their respective statuses as organizations described in Section 501(c)(3) of the Code. The existence and maintenance of such status is contingent on compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of organizations described in Section 501(c)(3) of the Code, including the operation for charitable and educational purposes and avoidance of transactions which may result in more than an insubstantial amount of unrelated business activity and/or cause the assets of either to inure to the benefit of private individuals.

In recent years, the IRS has increased the frequency and scope of its audit and other enforcement activity regarding tax-exempt organizations and, in particular, charter schools. As a result, tax-exempt organizations are increasingly subject to a greater degree of scrutiny. The primary penalty available to the IRS under the Code with respect to a tax-exempt entity engaged in unlawful private benefit or more than an insubstantial amount of unrelated business activity is the revocation of tax-exempt status. Although the IRS has not frequently revoked the Section 501(c)(3) status of nonprofit corporations, it could do so in the future. Loss of tax-exempt status by the Borrower or the Lessee could potentially result in loss of tax exemption of interest on the Series 2026C Bonds and of other existing and future tax-exempt debt of members of the Obligated Group, if any, and defaults in covenants regarding the Series 2026C Bonds and other existing and future tax-exempt debt, if any, would likely be triggered.

Less onerous sanctions have been enacted which enforce rules applicable to Section 501(c)(3) organizations, but these sanctions do not replace the other remedies available to the IRS as mentioned above.

State Income Tax Exemption. The loss by MERF or the Borrower of federal tax exemption might trigger a challenge to its State income tax exemption. Such event could be adverse and material.

Unrelated Business Income. In recent years, the IRS and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income ("UBTI"). To the extent the Lessee or the Borrower do not properly account for and report UBTI, if any, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI (which might be substantial) and in some cases could ultimately affect the tax-exempt status of the Borrower or the Lessee, as well as the exclusion from gross income for federal income tax purposes of the interest on the Series 2026C Bonds.

Exemption from Property Taxes. In recent years, State, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt corporations with respect to their real property tax exemptions. The management of the Borrower and the Lessee believe that the Facilities are exempt from California real property taxation.

Factors That Could Affect the Security Interest in the Facilities; Superior Liens

The Master Trustee's security interest in the Facilities may be subordinated to the interest and claims of others in several instances. Some examples of cases of subordination of prior claims are (i) statutory liens, (ii) rights arising in favor of the United States of America or any agency thereof, (iii) present or future prohibitions against assignment in any statutes or regulations, (iv) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction,

(v) federal or state bankruptcy or insolvency laws that may affect the enforceability of the Loan Agreement, (vi) rights of third parties in amounts not in the possession of the Trustee, (vii) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the California Uniform Commercial Code as from time to time in effect, and (viii) mechanics liens.

No Recent Appraisals; Limitations of Appraisals

No appraisals with respect to the Series 2026CD Facilities have been obtained in connection with the Bonds, and no appraisal has been obtained for the MSA-1 Facilities. Information presented herein regarding past appraisals of the Series 2026CD Facilities is not timely and may not be indicative of current property values.

Notwithstanding the foregoing, appraisals for the Series 202CD Facilities have been obtained in the past. MERF obtained an appraisal regarding the MSA-1 Supplemental Facility in October 2024, which concluded that the fair market value of such Facility as of September 27, 2024, was $5,825,000. In addition, MERF obtained an appraisal regarding the MSA-2 Facility in June 2024, which concluded that the fair market value of such Facility as of December 9, 2022, was $13,250,000.

Appraisals are estimates of value and not an assurance of what any particular property would bring on sale. Appraisals also are subject to numerous other limitations set forth therein. Potential investors should not assume that the appraised values set forth above represent reliable estimates of what such Facilities would bring in liquidation following an Event of Default.

The foregoing summary of appraisal reports contained in this section is not meant to be exhaustive, and reference should be made to such reports for complete recitals of their respective terms. The value of the subject property as estimated in each appraisal report represents only the opinions of the applicable appraiser, and only as of the effective date of the appraisal. Such appraisers have not been engaged to update or revise the estimates contained in their respective reports since the dates thereof.

Limitations on Value of the Facilities and to Remedies Under the Mortgages

Maintenance of Value. The Facilities are located in a region that has experienced significant real property market volatility over the past several years. There can be no assurance made that, should the Members of the Obligated Group default in making the payments due under Obligation No. 3 or any of the Prior Obligations, including in the event MERF defaults in making the Rent payments due under the Leases, the Facilities could be foreclosed upon and sold for the amounts owed under the Obligations.

Hazardous Substances. While governmental taxes, assessments and charges are common claims against the value of property, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized is a claim with regard to hazardous substances. In general, the Members may be required by law to remedy conditions of a Facility relating to release of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws. California laws with regard to hazardous substances are stringent and similar to certain federal acts. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) had or has anything to do with the creation or handling of the hazardous substance. The effect, therefore, should a Facility be affected by a hazardous substance, is generally to reduce the marketability and value of the parcel by the cost of remedying the condition. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling the hazardous substance. Any of these potentialities could significantly affect the value of the Project that would be realized upon a default and foreclosure.

See " – Environmental Risks and Prior Environmental Inspections" below for a description of certain environmental reports regarding the Facilities.

Foreclosure. There are two methods of foreclosing on a deed of trust or mortgage under California law, by nonjudicial sale and by judicial sale. Foreclosure under a deed of trust may be accomplished by a nonjudicial trustee's sale under the power of sale provision in the deed of trust. Prior to such sale, the trustee must record a notice of default and election to sell and send a copy to the trustor, to any person who has recorded a request for a copy of the notice of default and notice of sale, to any successor in interest of the trustor and to certain other parties discernable from the real property records. The trustee then must wait for the lapse of at least three months after the recording of the notice of default and election to sell before establishing the trustee's proposed sale date and giving a notice of sale (in a form mandated by California statutes). The notice of sale must be posted in a public place and published once a week for three consecutive calendar weeks, with the first such publication preceding the trustee's sale by at least 20 days. Such notice of sale must be posted on the property and sent, at least 20 days prior to the trustee's sale, to the trustor, to each person who has requested a copy, to any successor in interest of the trustor, to the beneficiary of any junior deed of trust and to certain other parties discernable from the real property records. In addition, the notice of sale must be recorded with the county recorder at least 14 days prior to the date of sale. The trustor, any successor in interest of the trustor in the trust property, or any person having a junior lien or encumbrance of record may, during the statutory reinstatement period, which extends to five days prior to the sale date, cure any monetary default by paying any delinquent installments of the debt then due under the terms of the deed of trust and certain other obligations secured thereby (exclusive of principal due by virtue of acceleration upon default) plus costs and expenses actually incurred in enforcing the obligation and certain statutorily limited attorneys' and trustees' fees. Following a nonjudicial sale, neither the trustor nor any junior lienholder has any right of redemption, and the beneficiary may not ordinarily obtain a deficiency judgment against the trustor.

Should foreclosure under a deed of trust be sought in the form of a judicial foreclosure, it is generally subject to most of the delays and expenses of other lawsuits, and may require several years to complete. The primary advantage of a judicial foreclosure is that the beneficiary is entitled, subject to other limitations, to obtain a deficiency judgment against the trustor to the extent that the amount of the debt is in excess of the fair market value of the property. Following a judicial foreclosure sale, the trustor or its successors in interest may redeem the property for a period of one year (or a period of only three months if the proceeds of sale are sufficient to satisfy the debt, plus interest and costs). In addition, in order to assure collection of any rents assigned as additional collateral under a Mortgage, a receiver for the applicable Facilities may be appointed by a court.

Damage, Destruction or Condemnation. Although the Borrower will be required to cause the Members to obtain certain insurance against damage or destruction as set forth in the Loan Agreement and the Series 2025 Mortgage related to the MSA-1 Facility, there can be no assurance that any portion of the Facilities will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss, or the period during which a Series 2025 Landlord, as a result of damage or destruction to the applicable Facilities, cannot generate revenues, will not exceed the coverage of such insurance policies.

If the Facilities, or any portion thereof, are damaged or destroyed, or are taken in a condemnation proceeding, the proceeds of insurance or any condemnation award for the Facilities, or any portion thereof, must be applied as provided in the Loan Agreement to restore or rebuild the Facilities or to redeem Bonds. There can be no assurance that the amount of revenues available to restore or rebuild the Facilities, or any portion thereof, or to redeem Bonds will be sufficient for that purpose, or that any remaining portion of the Facilities will generate revenues sufficient to pay the expenses of the Borrower and the Loan Repayments.

Seismic Activity. The Facilities are located in seismically active regions of California. The occurrence of severe seismic activity could result in substantial damage to any of such Facilities, which could adversely affect the ability of the Lessee to operate such Facilities or make payments due under the corresponding Lease or School Loan Agreement and/or the ability of the Borrower to make the Loan Repayments and could

adversely affect the value of such Facilities. Neither the Borrower nor the Members are obligated by the Loan Agreement or Master Indenture to maintain earthquake insurance on any portion of the Facilities and there can be no assurance that the Borrower or the Members of the Obligated Group will obtain such coverage in the future.

None of the Facilities are located within an Alquist-Priolo Earthquake Fault Zone, which is an area in the vicinity of an active fault that constitutes a potential hazard to structures from surface faulting or fault creep as determined in accordance with applicable provisions of the State's Public Resources Code.

Flood. Under the Master Indenture, each Member covenants and agrees that it will maintain (or cause to be maintained) appropriate flood insurance as required under the National Flood Insurance Act of 1968, Flood Disaster Protection Act of 1973, or the National Flood Insurance Reform Act of 1994 as amended or as recommended by the Insurance Consultant if the applicable Facility is determined to be in a Special Flood Hazard Area. However, none of the Facilities are located in special flood hazard areas as designated by the Federal Emergency Management Agency.

Wildfires. Major wildfires have occurred in recent years in different regions of the State, including significant fires throughout the fall of 2020, the summer of 2021, and the winter of 2025. Serious and significant property damage has resulted in other areas of the State due to fire damage. The Governor has previously signed a number of measures into law intended to address a variety of issues related to mitigating the risk of wildfires, including forest management, mutual aid for fire departments, emergency alerts and other safety mandates.

Neither of the Borrower nor the Lessee can make any representation regarding the effects that future wildfires may have on their respective operations or finances, or to what extent any such wildfires could cause disruptions to economic activity in the vicinity of the Facilities.

Sea Level Rise. Various State and local agencies have produced reports or assessments in connection with planning for the potential effects of sea level rise, which increases the potential for severe flooding caused by the occurrence of coastal and inland flooding. Neither of the Borrower nor the Lessee are able to predict whether sea level rise, or associated impacts thereof, will occur, and if any such events occur, whether they will have a material adverse effect on their respective operations and financial condition, or more generally affect the region's economy.

Climate Change. In addition to the events described above, climate change caused by human activities may have adverse effects generally on the economy and communities surrounding the Facilities, and on the value of the Facilities themselves. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, droughts, wildfires, floods, heat waves, and rising sea levels. Projections of the impact of global climate change are complex and depend on a variety of factors outside of the control of the Borrower and the Lessee. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, neither of the Borrower nor the Lessee is able to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

Environmental Risks. There are potential risks relating to liabilities for environmental hazards with respect to the ownership of any real property, including those described above under " – Hazardous Substances." If hazardous substances are found to be located on a property, owners of such property may be held liable for costs and other liabilities related to the removal of such substances which costs and liabilities could exceed the value of the Facilities or any portion thereof.

[To be added: descriptions of environmental reports with respect to the Series 2026CD Facilities.]

The Lessee obtained a Phase I Environmental Site Assessment relating to the site of the MSA-5 Facility by Alta Environmental, doing business as NV5 ("NV5"). In that connection, NV5 prepared a report dated March 7, 2022 (the "MSA-5 Environmental Report"). The MSA-5 Environmental Report states that its purpose was to identify conditions indicative of releases and threatened releases of hazardous substances, pollutants, contaminants, petroleum and petroleum products, and controlled substances on, at, in, or adjacent to the site of the MSA-5 Facility, such issues being considered recognized environmental conditions (each an "REC"). The MSA-5 Environmental Report identified no evidence of a REC, a controlled REC, or historic REC in connection with the Site.

Various environmental inspections have been performed for the MSA-1 Facilities in the past, as follows. The Lessee received from California Environmental Geologists & Engineers, Inc. ("California Environmental") an Environmental Site Assessment Report – Phase I dated October 13, 2016 (the "2016 MSA-1 Environmental Report"). California Environmental noted in its 2016 MSA-1 Environmental Report that no recognized environmental conditions ("RECs"), historical recognized environmental conditions ("HRECs"), or Controlled Recognized Environmental Conditions ("CRECs") were identified in connection with the MSA-1 Facilities. However, California Environmental cautioned that a dry cleaner operation, which is located at 18235 Sherman Way, is a potential source of volatile organize compounds ("VOCs") contamination that could impact the subject property subsurface. Accordingly, California Environmental recommended a limited soil-gas assessment to test for VOCs in shallow soil gas beneath the property. California Environmental noted that there were two additional properties within a one-quarter mile radius of the subject property that could have environmental concerns. However, California Environmental stated that, due to their distance from the subject property and their groundwater gradient, it is unlikely that either property would impact the subject property subsurface.

The 2016 MSA-1 Environmental Report did not find any indication of the following environmental factors at the Facilities, among others: surface drains, catch basins, sumps or standing water, past use, treatment, storage, disposal or generation of hazardous substances, significant hazardous substance use, existing aboveground or underground storage tanks, clarifiers, sumps, or grease interceptors, onsite disposal or landfill of solid waste material, wastewater treatment or disposal systems, or strong, pungent or noxious odors. The 2016 MSA-1 Environmental Report was prepared for the Lessee and intended for the purpose of determining site conditions through limited research and investigation and can in no way be considered a conclusive site characterization. No warranty, express or implied of any kind is made or intended in connection with the 2016 MSA-1 Environmental Report.

The Lessee also received from California Environmental an Environmental Site Assessment Report – Phase I Update and Screening Soil Evaluation – Phase II dated May 2017 (collectively, the "2017 MSA-1 Environmental Report"). California Environmental reports that the dry-cleaning and laundry business, which remains the nearest listed environmental concern site, is located approximately 150 feet to the northwest of the subject property. California Environmental indicated that no known solvent releases had been reported for the MSA-1 Facilities. The 2017 MSA-1 Environmental Report stated that the nearest listed contaminated site to the subject property was approximately 656 feet to the southwest and the listing related to a January 1984 gasoline release to soil. Due to the distance from the subject property and a southeasterly groundwater gradient, California Environmental stated that it was unlikely that this off-site release had impacted the MSA-1 Facilities subsurface. California Environmental noted that a second contaminated site was located approximately 798 feet east of the subject property. Due to the distance from MSA-1 Facilities and a southeasterly groundwater gradient, California Environmental found it unlikely for the off-site release to impact the MSA-1 Facilities subsurface.

The 2017 MSA-1 Environmental Report stated that no RECs, HRECs, or CRECs were identified at the MSA-1 Facilities. In addition, California Environmental conducted soil gas sampling at the subject property on May 10, 2017 to evaluate the presence of VOCs associated with the dry cleaners located at 18235

Sherman Way. Based on a review of all samples collected, California Environmental indicated that all such samples were below the applicable reporting threshold set forth by the Environmental Protection Agency. Accordingly, California Environmental stated that additional assessment was not recommended.

In May 2017, the Lessee received from California Environmental an Environmental Site Assessment – Phase I (the "MSA-SD Environmental Report") with respect to the MSA-SD Facility. California Environmental noted in its MSA-SD Environmental Report that it had found no evidence of RECs, HRECs, or CRECs in connection with the property. California Environmental included a finding that the property is listed on a database related to the generation of asbestos containing waste produced in 2004. However, California Environmental stated that such asbestos waste was likely associated with remodeling or renovation activities and was not considered an environmental concern. Based on California Environmental's review of the surrounding area, the nearest listed contaminated site to the subject property had an unauthorized release of petroleum hydrocarbons in 1993. However, California Environmental stated that it is unlikely that such offsite release impacted the subject property due to the distance between the release and the site.

The MSA-SD Environmental Report did not find any indication of the following environmental factors at the MSA-SD Facility, among others: surface drains, catch basins, sumps or standing water, past use, treatment, storage, disposal or generation of hazardous substances, significant hazardous substance use, existing aboveground or underground storage tanks, clarifiers, sumps, or grease interceptors, onsite disposal or landfill of solid waste material, wastewater treatment or disposal systems, or strong, pungent or noxious odors. The MSA-SD Environmental Report was prepared for the Lessee and intended for the purpose of determining site conditions through limited research and investigation and can in no way be considered a conclusive site characterization. No warranty, express or implied of any kind is made or intended in connection with the MSA-SD Environmental Report.

The environmental reports described above speak only as of their respective dates and the providers of such reports have not been asked to perform any additional assessments with respect to the subject properties. Such environmental reports are subject to numerous limitations and disclaimers stated therein.

Bankruptcy

The rights and remedies of the Beneficial Owners of the Bonds are subject to various provisions of the Federal Bankruptcy Code (the "Bankruptcy Code"). If the Borrower, any Member or the Lessee were to become a debtor in a bankruptcy case, its revenues and certain of its accounts receivable and other property created or otherwise acquired after the filing of such petition and for up to 90 days prior to the filing of such petition may not be subject to the security interest created under the applicable Mortgage for the benefit of the Beneficial Owners of the Bonds. The filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against such entity, and its property, and as an automatic stay of any act or proceeding to enforce a lien upon or to otherwise exercise control over such property. If the bankruptcy court so ordered, the property of the Borrower or a Member, including accounts receivable and proceeds thereof, could be used for the financial rehabilitation of such entity despite the security interest of the Trustee therein. While the Bankruptcy Code requires that the interest of the Trustee as lien owner be adequately protected before the collateral may be used by the Borrower or a Member, such protection could take the form of a replacement lien on assets acquired or created after the bankruptcy petition is instituted. The rights of the Trustee to enforce liens and security interests against the Borrower's or Member's assets could be delayed during the pendency of the rehabilitation proceedings.

The Borrower or the Lessee could file a plan for the reorganization of its debts in any such proceeding which could include provisions modifying or altering the rights of creditors generally, or any class of them, secured or unsecured. The plan, when confirmed by a court, binds all creditors who had notice or knowledge of the plan and discharges all claims against the debtor provided for in the plan. No plan may be confirmed unless certain conditions are met, among which are that the plan is in the best interests of creditors, is feasible and has been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan

if at least two thirds in dollar amount and more than one half in number of the class cast votes in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

Factors Associated with the Magnolia Schools' Operations

General Factors. There are a number of factors affecting schools generally that could have an adverse effect on the Lessee's financial position and ability to operate the Facilities as charter schools and, consequently, on the Borrower's ability to make Loan Repayments necessary to make debt service payments on the Bonds. These factors include, but are not limited to: (i) failure to qualify for statutory reimbursement under state programs; (ii) increasing costs of compliance with federal, state or local laws or regulations, including, but not limited to, laws or regulations concerning environmental quality, work safety and accommodation of persons with disabilities; (iii) taxes or other charges imposed by federal, state or local governments; (iv) the ability to attract a sufficient number of students; (v) changes in existing statutes pertaining to the powers of the Magnolia Schools and disruption of such charter schools' operations by real or perceived threats against such charter schools, their staff members or students; and (vi) decline in the reputation of any such charter school or the ability of such a charter school and its management to provide educational services desired and accepted by the population it serves.

Changes in Law and Governmental Authorities. In the Summer of 2023, the Oklahoma Statewide Virtual Charter School Board (the "Oklahoma Authorizer Board") approved the nation's first openly religious public charter school, St. Isidore of Seville Virtual Catholic Charter School ("St. Isidore"). Subsequently, the Oklahoma Attorney General sued the Oklahoma Authorizer Board seeking the rescission of the St. Isidore charter on the basis that it violated the Oklahoma Constitution. After a June 2024 decision by the Oklahoma Supreme Court against St. Isidore, the Oklahoma Authorizer Board rescinded its charter. However, St. Isidore and its supporters argue that the rescission of the charter violates the free exercise clause of the First Amendment to the U.S. Constitution. In January 2024, the U.S. Supreme Court granted certiorari to two related cases regarding the St. Isidore matter. If the U.S. Supreme Court holds in favor of St. Isidore, the decision may open the door to allowing religious public charter schools in all states, including California. Such a decision could fundamentally change the landscape, funding and operations of public charter schools nationally. It could also allow current religious private schools to receive charter school funding, increasing competition for existing charter schools, including the Magnolia Schools, or result in other unknown consequences.

In addition, on January 27, 2025, the U.S. Office of Management and Budget ("OMB") issued a memorandum directing federal agencies to temporarily pause all activities related to the obligation or disbursement of federal financial assistance, and other relevant activities, that may be implicated by recent executive orders issued under the Trump Administration. On January 29, 2025, OMB rescinded the memorandum. Following the rescission, the White House press secretary noted that the recission of the memorandum was "[not] a recission of the federal funding freeze." The U.S. Department of Education released a letter, dated February 14, 2025, notifying schools and colleges to eliminate diversity, equity, and inclusion programs and initiatives by the end of the month or risk losing federal funding.

A portion of the Lessee's revenue is derived from federal funding, which may be further impacted by the executive order signed by President Trump on March 20, 2025, to begin dismantling the U.S. Department of Education. Neither the Lessee nor the Borrower are able to predict the extent of such impact at this time and whether any such impact will materially affect their finances and operations.

Potential purchasers should be aware that the Lessee faces constant competition for students and there can be no assurance that its charter schools will continue to attract and retain the number of students that are needed to generate revenues sufficient to make payments on the Leases and the School Loan Agreements that are the source of revenue to pay debt service on the Bonds. Neither the Borrower nor the Lessee can assess or predict the ultimate effect of the foregoing factors on their respective operations or financial results of their

operations or on the ability of the Lessee to make payments required under the Leases and the School Loan Agreements, or on the ability of the Borrower and the Members to make payments required under the Loan Agreement and Obligation No. 3.

See also, " – Specific Risks of Charter Schools" below.

Dependency on State Finances

Charter schools, like all public schools, depend on revenues from the State for a large portion of their operating budgets. The availability of State funds for public education is a function of constitutional and statutory provisions affecting school district revenues and expenditures, the condition of the State economy (which affects total revenue available to the State School Fund) and the annual State budget process. Decreases in State revenues may adversely affect education appropriations made by the Legislature. As noted, the Legislature bases its decisions about appropriations on many factors, including the State's economic performance, and, because some public officials, their constituents, commentators and others have viewed charter schools as controversial, political factors may also come to bear on charter school funding. See "CERTAIN RISK FACTORS – Dependence on State Aid Payments that are Subject to Annual Appropriation and Political Factors" above.

The State has previously experienced severe financial difficulties. In prior years, the State's response to its financial difficulties has had a significant impact on Proposition 98 funding and settle-up treatment, as further described in "STATE FUNDING OF EDUCATION." In the past, the State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. The State has also sought to avoid increases in the minimum guarantee through various mechanisms by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current-year increases; by deferring State aid payments from one fiscal year to the next; and by suspending Proposition 98. Continued decreases in State revenues may adversely affect education appropriations made by the Legislature. None of the Borrower, the Lessee or any other party to the Bond transaction can predict how State income or State education funding will vary over the entire term of the Bonds. No party to the Bond transaction takes any responsibility for informing owners of the Bonds about any such changes.

Information about the financial condition of the State, as well as its budget and spending for education, is available and regularly updated on various State-maintained websites, including those of the LAO, the Department of Finance and the California State Controller. Such information is prepared by the respective State entity maintaining each such website and not by any of the parties to this transaction. The parties to this transaction take no responsibility for the accuracy, completeness or timeliness of such information or the continued accuracy of the internet addresses noted herein, and no such information is incorporated herein by these references.

Budget Delays and Restrictions on Disbursement of State Funds during a Budget Impasse

The State Constitution specifies that an annual budget will be proposed by the Governor by January 10 of each year for the next fiscal year (the "Governor's Budget"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues for the ensuing fiscal year. State law also requires the Governor to update the Governor's Budget projections and budgetary proposals by May 14 of each year (the "May Revision"). The May Revision is normally the basis for final negotiations between the Governor and Legislature to reach agreement on appropriations and other legislation to fund State government for the ensuing fiscal year (the "Budget Act").

The Budget Act must be approved by a majority vote of each House of the Legislature and must be in balance. The budget becomes law upon the signature of the Governor. Text of proposed and adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, currently under the heading "California Budget." Analyses of budgets are prepared by the Legislative Analyst's Office at www.lao.ca.gov.

Such information is prepared by the respective State entity maintaining each such website and not by any of the parties to this transaction. The parties to this transaction take no responsibility for the accuracy, completeness or timeliness of such information or the continued accuracy of the internet addresses noted herein, and no such information is incorporated herein by these references.

The State Legislature is required to approve a State Budget Act no later than June 15 of each year. The State Legislature has failed to approve the State Budget Act by the deadline therefor in a number of years. Failure by the State to adopt a Budget Act restricts the California State Controller's ability to disburse State funds after the beginning of the ensuing fiscal year. See "STATE FUNDING OF EDUCATION – General – Adoption of Annual State Budget" herein regarding the ability of the State Controller to disburse State funds in such situations. Any State budget delay would delay the State's appropriation of funds and could negatively impact the Lessee's ongoing viability and its ongoing ability to make payments under the Leases representing debt service on the Bonds.

Key Management

The creation of, and the philosophy of teaching in, charter schools generally initially may reflect the vision and commitment of a few key persons on the board of directors and/or the upper management of the charter school or its management organization ("Key Directors/Managers"). Loss of any such Key Directors/Managers, and the inability of the Borrower, the Lessee, or the Lessee to find comparable qualified replacements, could adversely affect their respective operations or financial results." See "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP" attached hereto for information regarding the management and leadership of the Borrower, the Lessee, the Financed Schools, and the other Magnolia Schools.

Other Limitations on Enforceability of Remedies

There exists common law authority and authority under various state statutes pursuant to which courts may terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that the corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court's own motion or pursuant to a petition of a state attorney general or other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

In addition to the foregoing, the realization of any rights under the Loan Agreement, the Bond Indenture and the Mortgages upon a default depends upon the exercise of various remedies specified in the Loan Agreement, the Bond Indenture and the Mortgages. These remedies may require judicial action which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Loan Agreement, the Bond Indenture and the Mortgages may not be readily available or may be limited. For example, a court may decide not to order the specific performance of the covenants contained in the Loan Agreement, the Bond Indenture or a Mortgage. Accordingly, the ability of the Authority, the Trustee or the Master Trustee to exercise remedies under the Loan Agreement, the Bond Indenture and the Mortgages, as applicable, upon an Event of Default could be impaired by the need for judicial or regulatory approval.

Amendment of Legal Documents; Minority Bondholder Risks

The Bond Indenture permits certain modifications to be made thereto with the consent of Holders of a majority in interest of the aggregate principal amount of the Bonds then outstanding; provided that, no such modification may (1) extend the fixed maturity of any Bonds or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof or (2) reduce the aforesaid percentage of Holders of Bonds whose consent is required for the execution of such supplemental indentures or (3) extend the time of payment or (4) permit the creation of any lien on the Payments or the assets pledged

under the Bond Indenture prior to or on a parity with the lien of the Bond Indenture or (5) deprive the Holders of the Bonds of the lien created by the Bond Indenture upon the Payments or the assets pledged herein, without the consent of the Holders of at least 80% of the aggregate principal amount of the Bonds then outstanding.

The Loan Agreement permits certain modifications to be made thereto with the consent of the Holders of a majority in interest of the aggregate principal amount of the Bonds then outstanding; provided that, no such modification may reduce the amount of Loan Repayments payable to the applicable Issuer, or extend the time for making such payments, without the written consent of the Holders of at least 80% of the aggregate principal amount of the applicable Bonds then outstanding.

Similarly, the Master Indenture permits certain modifications to be made thereto with the consent of Related Indebtedness Holders holding a majority in interest of the Related Indebtedness then outstanding; provided that no such modification may (1) extend the stated maturity of or time for paying interest on any Obligation or reduce the principal amount of or the redemption premium or rate of interest or method of calculating interest payable on any Obligation without the consent of the Related Indebtedness Holders of at least 80% of the aggregate principal amount of the Related Indebtedness outstanding with respect to such Obligation, (2) modify, alter, amend, add to or rescind any of the terms relating to defaults under the Master Indenture so as to affect the right of the Holders of any Obligations in default as to payment to compel the Master Trustee to declare the principal of all Obligations to be due and payable, without the consent of the Related Indebtedness Holders of at least 80% of the aggregate principal amount of the Related Indebtedness then outstanding, or (3) reduce the aggregate Principal Amount of Obligations then outstanding the consent of the Related Indebtedness Holders of which is required to authorize such modification, without the consent of the Related Indebtedness Holders of at least 80% of the aggregate principal amount of the Related Indebtedness then outstanding.

Accordingly, significant modifications to the foregoing documents may affect the rights of Holders of the Bonds without their consent; and any holder of less than 20% in interest of the aggregate principal amount of the Related Indebtedness outstanding may be unable to prevent such modifications. See "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS" attached hereto.

Specific Risks of Charter Schools

Charter School Law. The Charter School Law is evolving. Amendments are made relatively frequently and legislative and public attitudes are still forming. Certain amendments have been described elsewhere in this Limited Offering Memorandum. It is likely that additional changes will be made in the future, some of which may be adverse to charter schools in general may affect the financial viability of the Schools.

Non-Renewal or Revocation of Charters. The Charter School Law enables charter authorizers to grant five-year charters which may be renewed after evaluation and can be revoked at any time because of either educational non-performance or fiscal mismanagement. See "CHARTER SCHOOLS" herein. In addition, the management of the Lessee believes that it has stable relationships with representatives on the State Board of Education, representatives of the governing boards of several school districts, and representatives of several county boards of education, each of which, under appropriate circumstances, is authorized to grant charters under the Charter School Law. See "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP – MISSION, EDUCATIONAL PHILOSOPHY AND APPROACH – Charter Renewal History" herein.

Legal Challenges. In addition to non-renewal or revocation, a charter may also be subject to challenge by an interested third-party. No assurance can be given that a Series 2025 School's charter will not be subjected to legal challenge. See "ABSENCE OF MATERIAL LITIGATION – The Borrower" herein and "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE

BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP – FINANCIAL INFORMATION AND CASH FLOWS – Litigation." Any failure of the Lessee to have a charter for each of its schools in place could well have a material adverse effect on the Members or the Borrower and their ability to generate revenues necessary to make payments under the Loan Agreement and Obligation No. 3 which are expected to provide sufficient revenues to satisfy the debt service requirements for the Bonds.

Budgetary Constraints. Charter schools are funded primarily from State and local tax revenues and budgetary pressures at the State or local level may jeopardize future funding levels, which may adversely affect the ability of the Borrower and the Members of the Obligated Group to make payments under the Loan Agreement and Obligation No. 3. See "STATE FUNDING OF EDUCATION" above.

Enrollment Levels. The Lessee's revenues and financial strength will depend in part upon maintaining certain enrollment levels at its charter schools. A reduction in enrollment for any such charter school may have the result of reducing revenues available to pay amounts due under the Leases and the School Loan Agreements. See "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP" attached hereto.

Risk of Reduction in ADA Funding. Since the majority of funds for the Lessee's charter school operations come from the State on the basis of ADA, each such charter is subject to State funding reductions or restrictions that might affect all public school districts and charter schools. Among other such risks, over time the State may not increase ADA-based funding commensurate with increases in the cost of school operations, or the State may even decrease ADA-based funding.

ADA-based funding is determined by actual attendance, and not by student enrollment data. Regardless of the statewide level of ADA-based funding, the Magnolia Schools are subject to loss of revenue if enrollment should decrease, or if average daily attendance should decrease even if enrollment remains steady, whether due to student illness, truancy or other factors. Such a loss of revenues could adversely affect the ability of the Lessee to make payments due under the Leases and the School Loan Agreements and, consequently, the ability of the Borrower and the Members of the Obligated Group to make payments under the Loan Agreement and Obligation No. 3.

In addition, the Charter School Law prohibits a charter school from imposing fees or charges for its educational services. Therefore, the Lessee is dependent upon receipt of ADA-based funding, as well as philanthropic support. There is little the Lessee or the Borrower can do to increase revenues, other than for the Magnolia Schools to admit a larger number of students.

Compliance with the Elementary and Secondary Education Act. Prior to the adoption of the ESSA (defined below), the No Child Left Behind Act of 2001 (the "NCLB") served as the primary federal law with respect to K-12 education. NCLB employed the concept of Adequate Yearly Progress ("AYP") to measure and hold schools and school districts responsible for student achievement. In California, the NCLB subjected California schools to an annual AYP determination. AYP was calculated by using a formula set by the California Department of Education. It measured participation rates, math and reading performance, and graduation rate targets for the elementary, middle and high school levels. In connection with the adoption of ESSA, the federal government has repealed the AYP requirement.

Under California law, if a school received Title I funds and did not make AYP for two consecutive years, the school was placed on "Program Improvement" status and the school was required to develop a school improvement plan. If the school did not achieve AYP goals for a third year, "corrective action" was undertaken, which could include the provision of supplemental educational services for low-performing, low-income students. A school that continued to fail to make AYP was required to take corrective action and undergo restructuring plans. Failure to meet AYP for years subsequent to the second year carried further consequences under the NCLB. Under California law, the right to operate a charter school may be terminated

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if the school fails to make or meet reasonable progress toward achievement of goals, objectives, content standards, pupil performance standards or applicable federal requirements.

In March 2014, the State of California was granted a one-year waiver by the U.S. Department of Education from using test results of academic assessments to calculate AYP under the then-existing NCLB, in order to facilitate the state's transition to the new California Assessment of Student Performance and Progress ("CAASPP") system. In March 2015, the California State Board of Education requested another one-year waiver from the U.S. Department of Education. In May 2015, the U.S. Department of Education granted the additional one-year waiver, with certain conditions.

In December 2015, the Every Student Succeeds Act of 2015 ("ESSA") was passed by Congress and signed by the President in connection with the amendment and reauthorization of the Elementary and Secondary Education Act of 1965. With the passage of ESSA, states are no longer required to produce AYP, but were required to develop new accountability systems by 2017-18. See "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP" attached hereto. ESSA, among other things, prohibits officers and employees of the federal government from mandating, directing or controlling a state, local education agency or school's specific instructional content, academic standards and assessments, curriculum, or program of instruction, as a condition of eligibility to receive funds under ESSA.

State Retirement Systems. The Lessee is currently a member employer of the State's STRS and PERS retirement systems (see "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP – FINANCIAL INFORMATION AND CASH FLOWS – Retirement Systems" attached hereto). Although the Lessee does not anticipate withdrawing from or otherwise terminating its membership in STRS or PERS, there can be no assurance that State law or Federal law under the Code, including IRS rulings and other guidance, will permit charter schools to continue to participate in the STRS or PERS Governmental Plans (as defined in Section 414(d) of the Code).

The STRS and PERS retirement systems each have substantial system-wide unfunded liabilities. If the Lessee were to withdraw from STRS or PERS, voluntarily or otherwise, it could be liable for its share of the unfunded liabilities of the systems. Neither the Lessee nor the Underwriter can predict what liabilities, if any, would result if the Lessee's member employer status in the retirement systems were to terminate, or what impact any such a termination would have on the Lessee's finances and operations.

Claims and Insurance Coverage

Litigation could arise from the corporate and business activities of the Magnolia Schools or the Borrower. Such litigation may result as a result of either the Lessee's or the Borrower's status as an employer. Many of these risks are covered by insurance, but some are not. For example, claims arising from wrongful termination or sexual molestation claims and business disputes may not be covered by insurance or other sources. Such claims may, in whole or in part, constitute a significant liability of the Lessee or the Borrower if determined or settled adversely, as may any additional claims for other torts, accidents, or environmental enforcement actions, to the extent such claims exceed the limits of applicable insurance coverage.

The Borrower and the Lessee covenant and agree in the Loan Agreement, the Leases and the Prior School Loan Agreement that they will maintain, or caused to be maintained, property, general liability and business interruption insurance with respect to the applicable Facilities at levels set forth therein. The Borrower and the Lessee are not obligated by the Loan Agreement, the Leases or the School Loan Agreements to maintain earthquake insurance and there can be no assurance that the Borrower or the Lessee will obtain such coverage in the future. See "APPENDIX C – SUMMARY OF PRINCIPAL BOND DOCUMENTS – LOAN AGREEMENT" herein.

Risk of Noncontinued Philanthropy or Grants

In the past, the Lessee has received some income from unrestricted gifts and donations or grants to supplement operating revenues to finance operations and capital needs. Gifts, grants and donations are expected to continue. However, there can be no assurance that projections of this non-operating revenue will be realized or will not decrease, adversely affecting the financial condition of the Lessee.

Failure to Provide Ongoing Disclosure

The Borrower and the Lessee will enter into a Continuing Disclosure Agreement with KNN Public Finance, LLC, as dissemination agent, pursuant to Securities and Exchange Commission Rule 15c2-12 (the "Rule") in connection with the issuance of the Bonds. Any material failure to comply with the Continuing Disclosure Agreement and the Rule in the future may adversely affect the liquidity of the affected Bonds and their market price in the secondary market.

Use of Facilities

No assurance can be given as to whether a challenge to the educational use of any of the Facilities brought would result in an interruption of the Financed Schools' operations and have a material negative impact on the revenues of the Lessee. Any court order prohibiting the educational use of the MSA-1 Facilities would entitle the Master Trustee to submit a claim on the lender's title insurance policy. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Mortgages and Security Agreements" herein.

SB 740 Funding

Effective beginning the 2017-18 fiscal year, reimbursable costs under the SB 740 program are limited to either of the following conditions: (i) reimbursable facility rent or lease costs do not exceed the prior year's costs on file with the Authority as of the 2016–17 fiscal year, subject to a cost-of-living adjustment; or (ii) the rent or lease costs of new facility agreements are at or below market rate based on an independent appraisal paid for by the charter school.

In order to be eligible for the SB 740 program, a charter school must be in good standing with its chartering authority and be in compliance with the terms of its charter at the time of application submission, and without interruption throughout the term of the grant. The Authority relies on information from the chartering authority regarding a school's good standing and compliance with the terms of its charter.

The Lessee has received SB 740 funding in the past, and expects to continue receiving such funding relating to facilities costs of certain of its charter school facilities. However, there can be no assurances that the Lessee will continue to qualify for or receive SB 740 funding, or that such funding will not be reduced or eliminated by the State in the future. See "STATE FUNDING OF EDUCATION – SB 740 Facilities Grant Program Funding" and "CERTAIN RISK FACTORS – Specific Risks of Charter Schools" herein, and "APPENDIX A – CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP – SB 740" attached hereto. The financial projections set forth in Appendix A attached hereto assume the receipt of SB 740 funding relating to certain of the Lessee's in fiscal year 2025-26 and future fiscal years, and a failure to receive such funding would negatively affect the Lessee's finances.

Cybersecurity

The Lessee, like many other public and private entities, relies on a technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Lessee is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized

access to the Lessee's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. No assurances can be given that the Lessee's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the Lessee. The Lessee carries cybersecurity insurance.

ABSENCE OF MATERIAL LITIGATION

The Authority

To the knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the Authority seeking to restrain or enjoin the sale or issuance of the Bonds, or in any way contesting or affecting any proceedings of the Authority taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, the validity or enforceability of the documents executed by the Authority in connection with the Bonds, the completeness or accuracy of this Limited Offering Memorandum or the existence or powers of the Authority relating to the sale of the Bonds.

The Borrower

To the knowledge of the Borrower, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending against the Borrower seeking to restrain or enjoin the sale or issuance of the Bonds, or in any way contesting or affecting any proceedings of the Borrower taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, the validity or enforceability of the documents executed by the Borrower in connection with the Bonds, the completeness or accuracy of this Limited Offering Memorandum or the existence or powers of the Borrower relating to the sale of the Bonds.

TAX MATTERS

Tax-Exempt Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the further opinion that interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Tax-Exempt Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX H – FORM OF OPINION OF BOND COUNSEL" attached hereto.

The following discussion summarizes certain United States federal income tax considerations generally applicable to U.S. Holders (as defined in the Taxable Bonds discussion, below) of the Tax-Exempt Bonds that acquire their Tax-Exempt Bonds in the initial offering, and does not address tax considerations applicable to any investors in the Tax-Exempt Bonds other than investors that are U.S. Holders.

To the extent the issue price of any maturity of the Tax-Exempt Bonds is less than the amount to be paid at maturity of such Tax-Exempt Bonds (excluding amounts stated to be interest and payable at least

annually over the term of such Tax-Exempt Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Tax-Exempt Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Tax-Exempt Bonds is the first price at which a substantial amount of such maturity of the Tax-Exempt Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Tax-Exempt Bonds accrues daily over the term to maturity of such Tax-Exempt Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bonds. Beneficial owners of the Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Tax-Exempt Bonds in the original offering to the public at the first price at which a substantial amount of such Tax-Exempt Bonds is sold to the public.

Tax-Exempt Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Tax-Exempt Bonds. The Authority, the Borrower, and the Lessee have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Tax-Exempt Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Tax-Exempt Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Tax-Exempt Bonds may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

In addition, Bond Counsel has relied on, among other things, the opinion of Musick, Peeler & Garrett LLP, counsel to the Borrower and the Lessee ("Borrower's Counsel"), regarding the current qualification of each of the Borrower and the Lessee as an organization described in Section 501(c)(3) of the Code and the intended operation of the facilities to be financed by the Tax-Exempt Bonds as substantially related to the Borrower's and Lessee's charitable purposes under Section 513(a) of the Code. Such opinion is subject to a number of qualifications and limitations. Furthermore, Borrower's Counsel cannot give and has not given any other opinion or assurance concerning Section 513(a) of the Code and neither Bond Counsel nor Borrower's Counsel can give or has given any other opinion or assurance about the future activities of the Lessee or the Borrower, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or changes in enforcement thereof by the IRS. Failure of the Lessee to be organized and operated in accordance with the IRS's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Tax-Exempt Bonds in a manner that is substantially related to the Lessee's charitable purposes under Section 513(a) of the Code, may result in

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interest payable with respect to the Tax-Exempt Bonds being included in federal gross income, possibly from the date of the original issuance of the Tax-Exempt Bonds.

Although Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Tax-Exempt Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for or marketability of, the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Tax-Exempt Bonds for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, the Borrower and the Lessee, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority, the Borrower and the Lessee have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the Borrower, the Lessee or the beneficial owners regarding the tax-exempt status of the Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority, the Borrower or the Lessee legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues, may affect the market price for, or the marketability of, the Tax-Exempt Bonds, and may cause the Authority, the Borrower, the Lessee or the beneficial owners to incur significant expense.

Payments on the Tax-Exempt Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Tax-Exempt Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Tax-Exempt Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Tax-Exempt Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including

among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Taxable Bonds

Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Taxable Bonds.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to holders of the Taxable Bonds that acquire their Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the "IRS") with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, investors whose "functional currency" is not the U.S. dollar, or certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Taxable Bonds under state, local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Bonds pursuant to this offering for the issue price that is applicable to such Taxable Bonds (i.e., the price at which a substantial amount of the Taxable Bonds are sold to the public) and who will hold their Taxable Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Bonds in light of their particular circumstances.

For U.S. Holders of Taxable Bonds

Interest. Interest on the Taxable Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Taxable Bonds is less than the amount to be paid at maturity of such Taxable Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Taxable Bonds) by more than a de minimis amount, the difference may constitute original issue discount ("OID"). U.S. Holders of Taxable Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Taxable Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Bond.

Sale or Other Taxable Disposition of the Taxable Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition of a Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Taxable Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Taxable Bonds. If the Authority defeases any Taxable Bond, the Taxable Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted U.S. federal income tax basis in the Taxable Bond.

Information Reporting and Backup Withholding. Payments on the Taxable Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S.

Holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

For Non-U.S. Holders of Taxable Bonds

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders," payments of principal of, and interest on, any Taxable Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation described in Section 881(c)(3)(C) of the Code, and (2) a bank which acquires such Taxable Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the Beneficial Owner of the Taxable Bond provides a certification completed in compliance with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Taxable Bonds. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act ("FATCA,")—U.S. Holders and Non-U.S. Holders," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority or a deemed retirement due to defeasance of the Taxable Bond) or other disposition of a Taxable Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition and certain other conditions are met.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders," under current U.S. Treasury Regulations, payments of principal and interest on any Taxable Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the Beneficial Owner of the Taxable Bond or a financial institution holding the Taxable Bond on behalf of the Beneficial Owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a Beneficial Owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury.

Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders of Taxable Bonds

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Taxable Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current

guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Bonds in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

APPROVAL OF LEGALITY

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, the approval of certain matters for the Authority by the Honorable Rob Bonta, Attorney General of the State, the approval of certain matters for the Underwriter by Stradling Yocca Carlson & Rauth LLP, as Underwriter's counsel, and the approval of certain matters by Musick, Peeler & Garrett LLP, as counsel to the Borrower. Bond Counsel, the Underwriter and its counsel will receive compensation contingent upon the sale and delivery of the Bonds. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix H hereto. Neither Bond Counsel nor the Attorney General undertakes any responsibility for the accuracy, completeness or fairness of this Limited Offering Memorandum. Musick, Peeler & Garrett LLP will also render certain opinions pertaining to MERF as described herein under "TAX MATTERS."

RATING

Moody's Investors Service ("Moody's") has assigned the Bonds a rating of "Baa3" with a stable outlook. Such rating reflects only the views of Moody's and any explanation of the significance of the rating should be obtained from Moody's, at the following address: Moody's Investors Service, 7 World Trade Center at 250 Greenwich, New York, New York 10007.

Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. A rating is not a recommendation to buy, sell or hold securities. There is no assurance that any rating or outlook will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's if in its judgment circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price for the Bonds.

The Borrower and MERF have covenanted in a Continuing Disclosure Agreement to file on the Electronic Municipal Market Access ("EMMA") website operated by the Municipal Securities Rulemaking Board notices of any rating changes on the Bonds. See "CONTINUING DISCLOSURE" herein and "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agency prior to such information being provided to the Borrower or MERF and prior to the date the Borrower and MERF are obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agency and its website and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

LIMITED OFFERING OF BONDS

The Bonds are exempt from registration under federal securities law but are being offered only to a limited number of sophisticated investors and will be sold only to purchasers who are Qualified Institutional Buyers or Accredited Investors. By purchasing the Bonds, each investor is deemed to have made the

acknowledgments, representations, warranties and agreements set forth under the heading "TRANSFER RESTRICTIONS" herein.

CONTINUING DISCLOSURE

The Borrower, MERF and KNN Public Finance, LLC, as Dissemination Agent, will execute and deliver one or more Continuing Disclosure Agreements pursuant to which the Borrower and MERF will, for the benefit of the Beneficial Owners of the Bonds, periodically compile and deliver to the Trustee certain financial information and operating data relating to the operations of the Borrower, the Members of the Obligated Group, and the Schools, and provide notices of the occurrence of certain enumerated events. These covenants have been made to assist the Underwriter in complying with the Rule. A form of the Continuing Disclosure Agreement is attached hereto as Appendix F.

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Bonds or to any decision to purchase, hold or sell Bonds and the Authority will not provide any such information. The Authority shall have no liability to the Holders of the Bonds or any other person with respect to the Rule.

Prior Undertakings. MERF and the Borrower previously entered into continuing disclosure undertakings pursuant to the Rule in connection with the issuance of (i) the Authority's Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Draw Down Series 2017A, (ii) the Prior Bonds, and (iii) the Grant Anticipation Notes, and MERF and MPM Sherman Way entered into a continuing disclosure undertaking pursuant to the Rule in connection with the issuance of the Authority's School Facility Revenue Bonds (Magnolia Science Academy-1, Reseda Project) Series 2014A and Series 2014B (Taxable) (collectively, the "Prior Undertakings"). Within the last five years, none of the Borrower, MERF, nor MPM Sherman Way have failed to file reports or material required under the Prior Undertakings. However, portions of the annual reports required under the Prior Undertakings for fiscal years 2020 and 2021 were filed 268 days and 92 days late, respectively. Portions of the annual reports for fiscal years 2019 and 2023 were filed one day late. In addition, quarterly reports due under the Prior Undertakings were filed late for four quarters during the last five years, ranging from one day to 46 days. In addition, in connection to the undertaking related to the Grant Anticipation Notes, a portion of the annual report was filed 16 days late.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a price of $_____ (being the principal amount of the Bonds, plus/less aggregate net original issue premium/discount of $_____, less an Underwriter's discount of $_____). The Bond Purchase Agreement ("Bond Purchase Agreement") pursuant to which the Bonds are being purchased by the Underwriter provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Underwriter may offer and sell the Bonds to certain dealers, institutional investors, banks, and others at prices different from the prices stated on the inside cover page of this Limited Offering Memorandum. The offering prices may be changed from time to time by the Underwriter. The Underwriter is not obligated to create a secondary market for the purchase or sale of the Bonds and there may, in fact, be no market for the Bonds depending upon prevailing market conditions, the financial condition or market position of firms who make up the secondary market and the financial position and results of operations of the Borrower and MERF.

The Underwriter and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the Authority, the Borrower or the Lessee and to persons and entities

with relationships with the Authority, the Borrower or the Lessee, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority or the Borrower (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority, the Borrower or the Lessee.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority, the Borrower or the Lessee.

MUNICIPAL ADVISOR

Buck Financial Advisors LLC (the "Municipal Advisor") has acted as Municipal Advisor to MERF and the Borrower in conjunction with the issuance of the Bonds. The Municipal Advisor has assisted the Borrower in preparation of this Limited Offering Memorandum and in other matters related to the planning, structuring, and issuance of the Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the Bonds.

The Municipal Advisor has not audited, authenticated or otherwise independently verified the information set forth in the Limited Offering Memorandum, or any other information related to the Bonds with respect to the accuracy or completeness of disclosure of such information. The Municipal Advisor makes no guaranty, warranty or other representation respecting the accuracy or completeness of this Limited Offering Memorandum or any other matter related to this Limited Offering Memorandum.

MISCELLANEOUS

The foregoing and subsequent summaries and descriptions of provisions of the Bonds and the Bond Indenture and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof, and reference is made to said documents for full and complete statements of their provisions. The appendices attached hereto are a part of this Limited Offering Memorandum. Copies, in reasonable quantity, of the Bond Indenture and Loan Agreement may be obtained during the offering period upon request directed to the Underwriter.

NONE OF THE INFORMATION IN THIS LIMITED OFFERING MEMORANDUM HAS BEEN SUPPLIED OR VERIFIED BY THE AUTHORITY OTHER THAN THE INFORMATION UNDER THE CAPTIONS "THE AUTHORITY" AND "ABSENCE OF MATERIAL LITIGATION – THE AUTHORITY." THE AUTHORITY MAKES NO REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, AS TO THE ACCURACY (OTHER THAN IN THE SECTIONS IDENTIFIED ABOVE) OR COMPLETENESS OF INFORMATION IN THIS LIMITED OFFERING MEMORANDUM.

The distribution of this Limited Offering Memorandum has been approved by the Authority, the Borrower and MERF.

MAGNOLIA PROPERTIES MANAGEMENT, INC., as Borrower

By:_____
Alfredo Rubelcava
President

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION, as Lessee

By:_____
Alfredo Rubelcava
Chief Executive Officer and Superintendent

APPENDIX A

CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP

APPENDIX B

CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF MERF AND AFFILIATES FOR THE FISCAL YEAR ENDED JUNE 30, 2025

APPENDIX C

SUMMARY OF PRINCIPAL BOND DOCUMENTS

APPENDIX D

SUMMARY OF THE LEASES AND THE SCHOOL LOAN AGREEMENTS

APPENDIX E

CHARTER SCHOOL FACILITIES PROGRAM AND AWARD FUNDING

Leroy F. Greene School Facilities Act of 1998

General. The State's Leroy F. Greene School Facilities Act of 1998 (the "Greene Act") established, among other things, funds in the State Treasury known as the 1998 State School Facilities Fund approved by Proposition 1A, the 2002 State School Facilities Fund approved by Proposition 47, the 2004 State School Facilities Fund approved by Proposition 55, the 2006 State School Facilities Fund approved by Proposition 1D, the 2016 State School Facilities Fund approved by Proposition 51, and the 2024 State School Facilities Fund approved by the voters of the State on November 5, 2024 (each, a "State School Facilities Fund"). Pursuant to the Greene Act, all money in each of the respective State School Facilities Funds, including any money deposited in such State School Facilities Fund from any source, is continuously appropriated without regard to fiscal years for expenditure pursuant to the Greene Code.

The following public agencies and bodies are involved in implementing portions of the Greene Act in connection with the State School Facilities Funds.

State Allocation Board. The State Allocation Board determines the allocation of State resources including, among other things, proceeds of general obligation bonds and other designated State funds for new construction and modernization of public school facilities. The State Allocation Board is authorized to make apportionments from amounts on deposit in the applicable State School Facilities Fund and any amount of bonds that the State School Building Finance Committee has authorized but the State Treasurer has not sold. The State Allocation Board is permitted to make disbursements pursuant to any apportionment made from any funds in the applicable State School Facilities Fund irrespective of whether there exists at the time of the disbursement an amount in such State School Facilities Fund sufficient to permit payment in full of all apportionments previously made.

Office of Public School Construction. The Office of Public School Construction (the "Office of Public School Construction") serves as staff to the State Allocation Board. The Office of Public School Construction verifies that all applicants meet specific criteria based on the type of eligibility of funding which is being requested and to work with applicants to assist them through the process.

Division of the State Architect. The Division of the State Architect (the "Division of the State Architect") reviews plans and specifications to ensure that they comply with the State's building codes, including, but not limited to, those relating to structural and seismic safety. The Division of the State Architect's approval is required prior to the execution of a construction contract for which the applicant seeks State funding.

School Facilities Planning Division. The California Department of Education's School Facilities Planning Division (the "School Facilities Planning Division") reviews and approves school district and public school sites and construction plans to ensure, among other things, the proposed facility is adequate for education and whether the needs of students and faculty will be met.

California School Finance Authority. With respect to charter schools, the Authority is required under the Greene Act to make a determination as to each applicant's financial soundness as a condition to eligibility for the program. See " – Charter School Facilities Program – Financial Soundness Requirement" herein.

State School Facilities Bonds

Proposition 47. The Class Size Reduction Kindergarten – University Public Education Facilities Bond Act of 2002 appeared on the November 5, 2002 ballot as Proposition 47 ("Proposition 47") and was approved by State voters. Proposition 47 authorized the sale and issuance of $13.05 billion in general obligation bonds by the State to fund construction and renovation of K-12 school facilities ($11.4 billion) and higher education facilities ($1.65 billion). Proposition 47 includes $6.35 billion for land acquisition and new construction. To be eligible for bond proceeds under Proposition 47, K-12 school districts are required to pay 50% of the costs for land acquisition and new construction with local revenues. Proposition 47 also provided that up to $100 million would be allocated for charter school facilities.

Proposition 55. The Kindergarten-University Public Education Facilities Bond Act of 2004 appeared on the March 2, 2004 ballot as Proposition 55 ("Proposition 55") and was approved by State voters. Proposition 55 authorizes the sale and issuance of $12.3 billion in general obligation bonds by the State for funding construction and renovation of public K-12 school facilities ($10 billion) and public higher education facilities ($2.3 billion). Under Proposition 55, a school district is required to provide a 50% matching share for new construction or a 60% matching share for modernization projects with local resources unless it qualifies for state hardship funding. Proposition 55 also allocates up to $300 million of new construction funds for charter school facilities.

Proposition 1D. The Kindergarten-University Public Education Facilities Bond Act of 2006 was approved by State voters at the November 7, 2006 ballot as Proposition 1D ("Proposition 1D"). Proposition 1D authorizes the sale and issuance of $10.4 billion in general obligation bonds by the State for funding the construction and renovation of public K-12 school facilities ($7.3 billion) and public higher education facilities ($3.1 billion). Proceeds of bonds issued by the State under Proposition 1D are required to be deposited in the 2006 State School Facilities Fund established in the State Treasury under the Greene Act and allocated by the State Allocation Board. Proposition 1D includes $1.9 billion for land acquisition and construction of new school buildings. Under Proposition 1D, a school district is required to pay for 50% of costs with local resources unless it qualifies for state hardship funding. Proposition 1D also allocates $500 million for charter school facilities.

Proposition 51. The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 ("Proposition 51") was approved by voters of the State on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in State general obligation bonds by the State for new construction and modernization of K-12 and community college facilities. Proceeds of bonds issued by the State under Proposition 51 are required to be deposited in the 2016 State School Facilities Fund established in the State Treasury under the Greene Act and allocated by the State Allocation Board. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. Proposition 51 allocates $500 million for charter school facilities.

2024 State School Facilities Bond. The Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair and Safety Bond Act of 2024 (the "2024 State School Facilities Bond" was a ballot measure that was approved by State voters on November 5, 2024. The 2024 State School Facilities Bond authorizes the sale and issuance of $10 billion in State general obligation bonds for the repair, upgrade and construction of facilities at K-12 public schools, community colleges and career technical education programs, including the development of health and safety conditions. The 2024 State School Facilities Bond includes $3.3 billion for the new construction of K-12 facilities and an additional $4 billion for the modernization of existing K-12 facilities. A total of $600 million will be available for the modernization and new construction of charter school facilities. However, the Project is not eligible for funds related to the 2024 State School Facilities Bond, as only new applicants may receive such funds.

Charter School Facilities Program

This section describes the general process by which a charter school project may qualify for funding under the State's Charter School Facilities Program. For specific information on the current status of the funding for the MSA-5 Facility under the CSFP program, please see " – MSA-5 – Milestones Achieved and Current Status Under the Charter School Facilities Program" below.

The Charter School Facilities Program allows charter schools to access state facility funding for new construction and is jointly administered by (i) the Office of Public School Construction, on behalf of the State Allocation Board, and (ii) the Authority. Of awards under the Charter School Facilities Program in respect of an eligible project, 50% will be received in the form of a grant from the State, while the remaining 50%, constituting the Local Matching Share (defined herein), will be in the form of a loan that will be repaid to the State through level payments over 30 years. See " – MSA-5 – Milestones Achieved and Current Status Under the Charter School Facilities Program – Loan for Local Matching Share; Interest Rate."

Charter School Facilities Accounts. Although the Greene Act was approved in 1998 in conjunction with the passage of a State school facilities bond authorized as Proposition 1A, no funds were allocated for charter schools under Proposition 1A. It was only in 2002, with the passage of Proposition 47, that the Charter School Facilities Program (the "Charter School Facilities Program") was established to provide funding to qualifying entities for the purpose of establishing school facilities for charter school pupils. In accordance therewith, the Greene Act established a 2002 Charter School Facilities Account within the 2002 State School Facilities Fund, a 2004 Charter School Facilities Account within the 2004 State School Facilities Fund, a 2006 Charter School Facilities Account within the 2006 State School Facilities Fund, a 2016 Charter School Facilities Account within the 2016 State School Facilities Fund, and a 2024 Charter School Facilities Account within the 2024 State School Facilities Fund (each, a "Charter School Facilities Account"). Pursuant to the Greene Act, amounts on deposit in each Charter School Facilities Account are to be continuously appropriated for the purposes set forth in the Greene Act for charter schools.

Funding under the Charter School Facilities Program is available to school districts applying on behalf of charter schools that are physically within the boundaries of such school district and to charter schools, so long as the charter school has provided notice to the superintendent and governing board of the school district in whose boundaries the charter school is located.

Local Matching Share. Facilities funded pursuant to the Charter School Facilities Program are required to have a 50% local share matching obligation for site acquisition and new construction (the "Local Matching Share"). The State will fund an amount not to exceed 50% of the total project cost. Site acquisition costs may include up to 50% of the cost for the review, approval and oversight of the Phase I Environmental Site Assessment and the Preliminary Endangerment Assessment. The Local Matching Share can be provided through a lump sum payment or payments or through lease or loan payments to the State. If the applicant expects to receive a significant contribution from a third party, the applicant is required to provide information describing whether it proposes to use the contribution to cover costs which are in excess of the eligible costs as determined by the State Allocation Board or to meet the applicant's Local Matching Share or both. See " – MSA-5 – Local Matching Share" herein.

Governmental Approvals. Projects eligible to be funded under the Charter School Facilities Program are limited to new construction or rehabilitation of school facilities for charter school pupils and are required to comply with all requirements regarding public school construction, plan approvals, toxic substance review, site section and site approval, including regulations adopted by the Division of the State Architect. The approval granted by the Division of the State Architect must be current as of the time of submittal. In addition, all plans and specifications for new construction or rehabilitation of any school building require the Division of the State Architect's approval prior to signing a construction contract. In the event that the applicant enters into a contract for construction prior to receiving approval from the Division of the State Architect, the project may not be approved. See " – MSA-5 – Governmental Approvals" herein.

The Charter School Facilities Program requires any plans submitted to the Office of Public School Construction to have the approval of the California Department of Education (the "Department of Education"). The final plan approval letter from the Department of Education must accompany the funding application. If the proposed project site has not previously received the approval of the Department of Education, the Department of Education must approve the proposed site for any new construction project (the "CDE Site Approval"). In addition to the Department of Education's site approval letter, the Office of Public School Construction requires each applicant to provide an appraisal (an "Appraisal") dated within six months of the application submittal and an escrow closing statement or court order of condemnation proceedings.

The Government Code sets forth certain requirements with respect to hiring design professionals and standards. The applicant is required to adhere to regulations regarding procurement and prevailing wage rules. If the Office of Public School Construction determines that the applicant has not complied with such rules, the applicant is permitted to appeal to the State Allocation Board. However, the applicant may be penalized or lose the requested Apportionment in its entirety.

The application process requires the charter school to submit a Form SAB 50-09 and supporting documents, which provide the Office of Public School Construction with general project information to determine the future new construction or rehabilitation adjusted grant, the grade level of the project, and the number of pupils to be served by the project. Once the Office of Public School Construction receives the preliminary application, it will conduct an initial review to ensure that the pupil grants or rehabilitation square footage requested is commensurate with the project being built.

Financial Soundness Requirement. The Greene Act requires the Authority to make a determination for each applicant pursuant to the Greene Act (a "Financial Soundness Determination"). The Greene Act mandates that, in order to be eligible for the Charter School Facilities Program, a charter school demonstrate, over a period of time determined by the Authority, but not less than 24 months immediately preceding the submission of the application, that the applicant has operated as a financially capable concern in the State, as measured by criteria established by the Authority. A charter school that cannot demonstrate that it has been a financially capable concern for at least 24 months immediately preceding the submission of the application, due solely to not having operated as a charter school for at least 24 months, may meet the 24-month requirement if the charter school is managed by staff who have at least 24 months of documented experience, as measured by criteria established by the Authority and the charter school has an educational plan, financial resources, facilities expertise, management expertise, and has been a financially capable concern for at least 24 months, as established by the Authority. See " – MA-5 – Financial Soundness Requirement" herein.

A Financial Soundness Determination by the Authority is valid for twelve months. A valid Financial Soundness Determination is required for a Preliminary Apportionment, each Advance Apportionment, and for an Unfunded Approval. See " – Unfunded Approvals" below.

Preliminary Apportionment. The Charter School Facilities Program requires each applicant to submit a certification from the governing board of the district within which the charter school is physically located of the number of unhoused pupils for that district determined pursuant to the Greene Act that will be housed by the project for which the preliminary application has been submitted. The Authority is required to consider whether the applicant is financially sound and, if so, to make a Financial Soundness determination (defined herein) and to make a recommendation to the State Allocation Board. The State Allocation Board may approve the preliminary application and a Preliminary Apportionment for funding pursuant to the Greene Act. The term "Preliminary Apportionment" means an apportionment or reservation of funds made by resolution of the State Allocation Board for eligible applicants under the Charter School Facilities Program, in advance of full compliance with all of the application requirements otherwise required for an apportionment pursuant to Charter School Facilities Program. In addition, the State Allocation Board may authorize the release of funds for planning and site acquisition prior to the approval of the project by the Department of General Services pursuant to the Field Act. See " – MSA-5 – Preliminary Apportionment" herein.

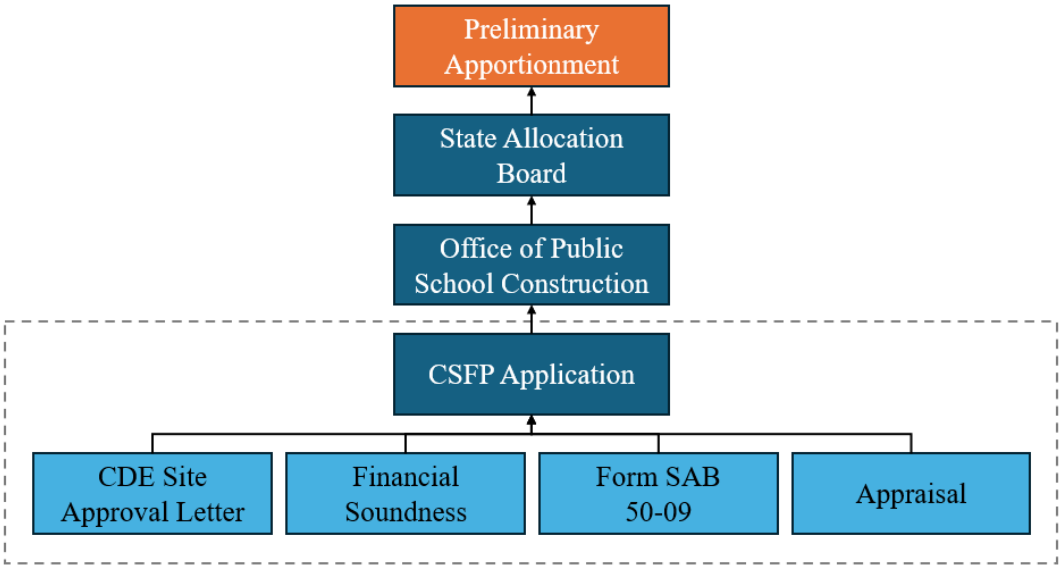
Preliminary Apportionment Process. If the estimated total apportionment of applicants with a Financial Soundness Determination exceeds the funds available, the State Allocation Board will allocate Preliminary Apportionments or Final Apportionments by seeking to ensure that, when considered as a whole, the approved applications are fairly representative of (i) various geographical regions of the State, (ii) urban, rural, and suburban regions of the State, (iii) large, medium, and small charter schools throughout the State, and (iv) the various grade levels of the pupils served by charter school applications. Within each of the aforementioned categories, the State Allocation Board is required to give preference to charter schools in overcrowded school districts, charter schools in low-income areas, charter schools operated by nonprofit entities, and charter schools that use existing district facilities.

To the extent that the value of the eligible applications exceeds the amount that the State Allocation Board has available for providing Preliminary Apportionments or Final Apportionments, the Office of Public School Construction will use a process to determine the priority of each project (the "Priority Funding Process"). The preference point system allows applicants to receive up to 160 points, which includes 40 points for status as a nonprofit, 40 points for rehabilitation projects, a sliding scale of zero to 40 points for charter schools in low income areas, and a sliding scale of zero to 40 points for charter schools in overcrowded school districts.

The Preliminary Apportionment serves as a reservation of funds for a project during the period in which the applicant solicits approvals from the various State entities for such project.

The following diagram reflects the requirements and process to obtain a Preliminary Apportionment.

FIGURE 2
REQUIREMENTS AND PROCESS TO PRELIMINARY APPORTIONMENT



Source: The Borrower.

State Allocation Board Applications and Charter School Agreements. In order to receive an advance release of the Preliminary Apportionment (an "Advance Apportionment") or Final Apportionment for site acquisition, an applicant is required to submit an application to request authorization for fund release ("Form SAB 50-05"), have a current Financial Soundness Determination and execute each of the Charter School Agreements (defined herein) to the extent applicable. The agreement setting forth the terms of use of program funds and project facilities and identifying the respective roles and responsibilities of each party involved in the project (the "Memorandum of Understanding"), the agreement describing the terms of payment of the

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Local Matching Share (the "Funding Agreement"), and the agreement between the school district/local government entity and the charter school pertaining to the use of the facility (the "Use Agreement") are, collectively, referred to herein as the "Charter School Agreements." In addition, the applicant must receive a CDE Site Approval, provide an Appraisal, and submit an application for Preliminary Apportionment ("Form SAB 50-09"). If the charter school holds title to the property, the charter school must also provide executed covenants, conditions, and restrictions, a preliminary title report, and an insurance policy.

Conversion and Unfunded Approvals. Eligible applicants for the Charter School Facilities Program have four years to convert their Preliminary Apportionments to an Unfunded Approval. Applicants are permitted to apply for a single one-year extension, which the State Allocation Board may grant at its discretion. If an extension is sought, the State Allocation Board requires applicants to provide evidence that the Department of Education has made a contingent or final CDE Site Approval of the proposed site and the Division of the State Architect has confirmed it has received the final project plans for review and approval, or other evidence satisfactory to the State Allocation Board justifying the extension.

To place a proposed project on the Unfunded List, an eligible applicant must complete the following steps pursuant to which a Preliminary Apportionment becomes eligible for conversion by the State Allocation Board to a Final Apportionment: (i) receipt of a Financial Soundness Determination from the Authority applicable to the Final Apportionment, (ii) entry into the Charter School Agreements described above, (iii) the Division of the State Architect approval of the applicant's project plans and specifications and issuance of a Notice to Proceed, (iv) applicant has filed Form SAB 50-04 Application for Funding with the California Department of General Services, Office of Public School Construction, and (v) compliance with all rules and regulations of the Charter School Facilities Program, now or hereafter created, applicable to applicant's Application or Applications (collectively, "Conversion").

Upon completion of the Conversion process by the applicant, and approval of the final project costs by the State Allocation Board, the applicant has an "Unfunded Approval," which means that the State Allocation Board has resolved to make a Final Apportionment in accordance with the Greene Act once funds are available in the State School Facilities Funds. In addition, the State Allocation Board will place the proposed project on the "Unfunded List."

To the extent that the State issues general obligation bonds, which include amounts allocable to the State School Facilities Bonds, amounts may be deposited in the State School Facilities Funds. The allocation of the Final Apportionment is subject to the ability of the State Allocation Board to apportion those funds. The approval of a project and the placement of such project on the Unfunded List do not constitute a guarantee or commitment of future State funding and may not be relied on in any manner as any kind of representation or indication of future State funding. Since the commencement of the Charter School Facilities Program, the State has appropriated funding for every project that has been listed on the Unfunded List (except that funding has not yet been appropriated for the projects listed as Unfunded Approvals on Table 3 below).

Final Apportionment. To receive a Final Apportionment, the applicant must submit a complete request within four years of the date of the Preliminary Apportionment unless the applicant has received approval of an extension pursuant to Section 1859.166.1 of Title 2 of the California Code of Regulations. If the request for Final Apportionment is equal to or less than the Preliminary Apportionment, the Final Apportionment will be funded entirely. The State Allocation Board will transfer the difference between the Final Apportionment and the Preliminary Apportionment to the Unrestricted Charter School Fund in the appropriate Charter School Facilities Account. The Final Apportionment will become the full and final apportionment for the project.

If the request for Final Apportionment is greater than the Preliminary Apportionment, the State Allocation Board has the authority to convert the Preliminary Apportionment to a Final Apportionment by either (a) funding the Final Apportionment entirely if the balance in the Unrestricted Charter School Fund in the appropriate Charter School Facilities Account is greater than the difference in the Final Apportionment and

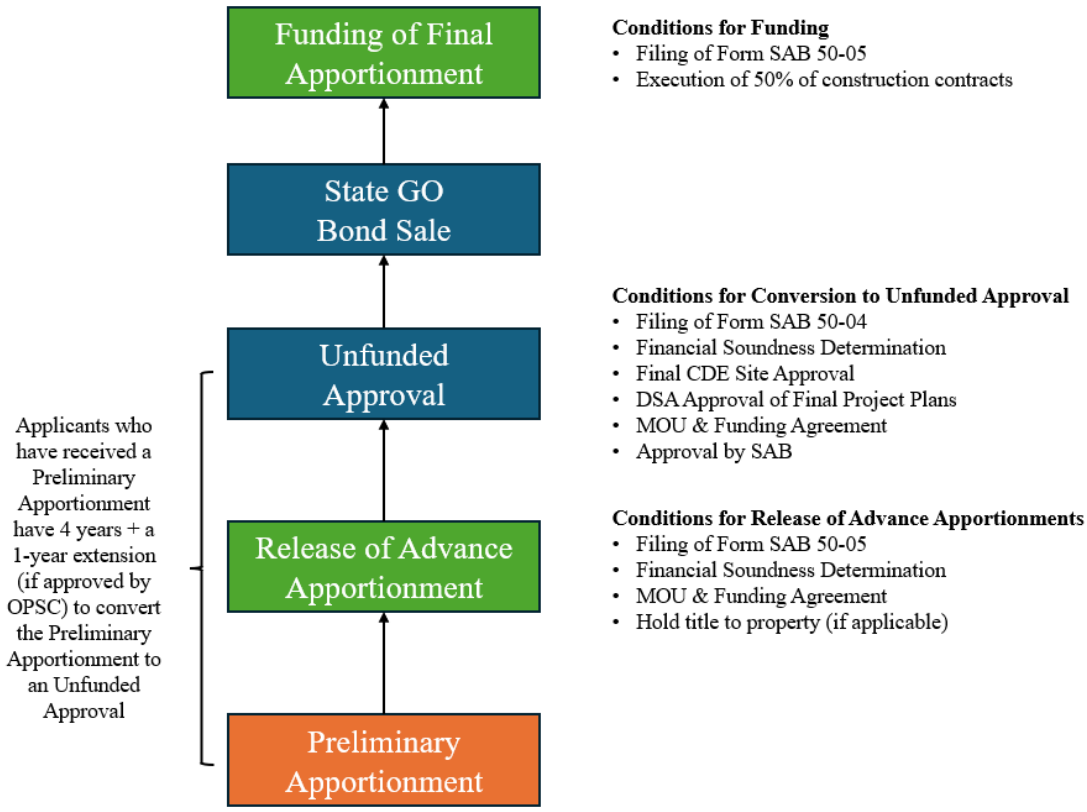
the Preliminary Apportionment or (b) funding the Final Apportionment using any remaining balance in the Unrestricted Charter School Fund in the appropriate Charter School Facilities Account if the balance in the Unrestricted Charter School Fund in the appropriate Charter School Facilities Account is less than the difference in the Final Apportionment and the Preliminary Apportionment. In either case, such Final Apportionment will be the full and final apportionment for the project.

The amount of any Unfunded Approval will not exceed the funds on deposit in the applicable State School Facilities Fund together any amount of bonds which the State School Building Finance Committee has authorized but the State Treasurer has not yet sold. See " – Allocation of State General Obligation Bond Proceeds" and "CERTAIN RISK FACTORS" herein.

If the applicant fails to complete the request for a Final Apportionment in a timely manner, the State Allocation Board will rescind the applicant's Preliminary Apportionment, including any portion that has been released as an Advanced Release of funds as provided in Section 1859.164.2 of the California Code of Regulations. Such amounts will be transferred to the Unrestricted Charter School Fund within the appropriate Charter School Facility Account.

Historical Awards and Funding. To date, Final Apportionments under the Charter School Facilities Program have been received in response to 108 applications, funding facilities projects for 86 charter schools. Since the commencement of the Charter School Facilities Program, the State has appropriated funding for every project that has been listed on the Unfunded List (except that funding has not yet been appropriated for the projects listed as Unfunded Approvals on Table 3 below). To date, only six applicants that have received an Advance Apportionment later abandoned the applicable project without converting to a Final Apportionment. The following diagram reflects the requirements and process to obtain funding for a Final Apportionment.

FIGURE 3
REQUIREMENTS AND PROCESS TO FINAL APPORTIONMENT



Source: The Borrower.

MSA-5 – Milestones Achieved and Current Status Under the Charter School Facilities Program

This section describes the specific progress of MERF in seeking funding for the MSA-5 Facility under the Charter School Facilities Program requirements initially described above under " – Charter School Facilities Program."

The following timeline indicates the completion of various steps by MERF in seeking funding for the MSA-5 Facility under the Charter School Facilities Program. MERF is pursuing certain approvals and funding for the Project in three phases or "increments" as follows: the 1st increment, consisting of site work; the 2nd increment, consisting of construction of the academic building; and the 3rd increment, consisting of construction of the gymnasium.

Date	*Event/Description*
May 2022	**Application Submittal:** MERF submitted its initial application for a Preliminary Apportionment through the Charter School Facilities Program to the Office of Public School Construction in May 2022.
October 2022	**Financial Soundness Determination:** On October 24, 2022, the Authority adopted a resolution approving a Financial Soundness Determination for MERF which was applicable for a Preliminary Apportionment and an Advance Apportionment for the Project.

Date	*Event/Description*
October 2022	**Allocation of Preliminary Apportionment:** On October 26, 2022, the State Allocation Board allocated to MERF a Preliminary Apportionment in the amount of $50,832,332 for the acquisition and development of the MSA-5 Facility. MERF is currently in the process of Conversion to receive a Final Apportionment for the MSA-5 Facility.
March 2024	**Financial Soundness Determination:** On March 28, 2024, the Authority adopted a resolution approving a Financial Soundness Determination for MERF for the purpose of an Advance Apportionment.
June-July 2024	**Submission of Plans to DOE:** MERF submitted plans and specifications relating to the MSA-5 Facility to the Department of Education for final site approval in June 2024 and final plan approval in July 2024.
September 2024	**Site Approval:** The Department of Education provided to MERF its final site approval for the MSA-5 Facility on September 16, 2024.
September 2024	**Division of the State Architect Approval** – 1st Increment: The Division of the State Architect approved the Project plans and specifications for the 1st increment of the Project on September 25, 2024.
January 2025	**Plan Approval:** The Department of Education provided to MERF its final plan approval for the MSA-5 Facility on January 3, 2025.
June 2025	**Division of the State Architect Approval** – 2nd Increment: The Division of the State Architect approved the Project plans and specifications for the 2nd increment of the Project in June 2025.
January 2026	**Division of the State Architect Approval** – 3rd Increment: The Division of the State Architect approved the Project plans and specifications for the 3rd increment of the Project in January 2026.
February 2026	**Submission of Form SAB 50-04** – MERF submitted Form SAB 50-04 in February 2026, well in advance of the October 26, 2026 deadline. Form 50-04 includes, among other things, MERF's final requests for Project funding for the applicable increment, reflecting all adjustments and revisions to Project costs since the Preliminary Apportionment. The total amount of apportionment expected to be received is currently $49,878,660.

For projected completion of remaining steps in the process to receive a Final Apportionment for the MSA-5 Facility, see " – Allocation of State General Obligation Bond Proceeds" below.

Funding to Date. Since the date of the Preliminary Apportionment, MERF has received approximately $13,832,733 from the State Allocation Board, which includes $3,952,733.20 for design costs and $9,880,000 for site acquisition and preparation costs. Pursuant to the Greene Act, MERF is required to effect the Conversion (defined herein) of the Preliminary Apportionment to a Final Apportionment by October 26, 2026; provided that, if an extension is approved, the deadline for the Conversion may be as late as October 26, 2027. See "CHARTER SCHOOL FACILITIES PROGRAM AND AWARD FUNDING – Charter School Facilities Program – Preliminary Apportionment" herein.

Loan for Local Matching Share; Interest Rate. Of the total funding received under the Charter School Facilities Program in respect of the MSA-5 Facility, 50% will be received in the form of a grant, while the remaining 50%, constituting the Local Matching Share, will be in the form of a loan that will be repaid to the State through level payments over 30 years. See " – Charter School Facilities Program – Local Matching Share" above. Given the amount reflected in the Form SAB 50-04 submitted for the MSA-5 Facility of $49,878,660, the loan for MERF's Local Matching Share would be in the amount of $24,939,330.

Pursuant to Education Code Section 17078.57, the interest rate in respect of this loan will be the lower of (i) the rate paid on moneys in the State's Pooled Money Investment Account as of the date of disbursement of the funding, or (ii) a rate equal to 50% of the interest rate paid by the State on the most recent sale of State general obligation bonds, in each case with such interest rate computed according to the true interest cost method.

Current Status of the Conversion Process by MERF

Financial Soundness Determination. Pursuant to the Charter School Facilities Program, MERF must receive a Financial Soundness Determination from the California School Finance Authority applicable to the Final Apportionment. MERF has received Financial Soundness Determinations in the past. However, the Authority's regulations for the Charter School Facilities Program provide that a Financial Soundness Determination will be valid for a period of 12 months for purposes of the State Allocation Board's approval of an application for Final Apportionment. MERF expects to receive its next Financial Soundness Determination in March 2026, which may be in place through MERF's completion of the Conversion process.

Execution of the Charter School Agreements. In connection with the Unfunded Approval of a disbursement of the loan portion of the Final Apportionment, the Borrower is required to enter into Charter School Agreements to the extent applicable. See "– State Allocation Board Applications and Charter School Agreements." MERF executed the Funding Agreement, dated as of June 23, 2023, among the State Allocation Board, the Authority and MERF. The Borrower also executed the Memorandum of Understanding, dated as July 12, 2023, by and among the State Allocation Board, the Authority and MERF, as operator of MSA-5.

Approval by the California Department of Education. On April 24, 2023, the Department of Education provided to MERF its Initial CDE Evaluation. The Department of Education requires, among other things, approval of the MSA-5 Facility by the Department of Toxic Substances Control ("DTSC") in order to grant the CDE Site Approval. DTSC approved the Project in October 2023; and the Department of Education provided its final site approval for the MSA-5 Facility in September 2024. See "CHARTER SCHOOL FACILITIES PROGRAM AND AWARD FUNDING – Allocation of State General Obligation Bond Proceeds."

Approval by the Division of the State Architect. As of the date hereof, the Division of the State Architect has received MERF's Project plans and specifications for all three increments of the Project and has issued plan approval for all three increments of the Project. See "CHARTER SCHOOL FACILITIES PROGRAM AND AWARD FUNDING – Allocation of State General Obligation Bond Proceeds."

Execution of Binding Construction Contracts. MERF is required to execute binding contracts for at least 50% of the construction included in the plans and specifications applicable to the Project. Pursuant to the Charter School Facilities Program, the approval of the Division of the State Architect is a condition precedent to the execution of any construction contract. MERF had entered into binding construction contracts for the 2nd increment by November 2025, and such contracts with respect to the 1st increment and 2nd increment constitute greater than 50% of the construction included in the plans and specifications applicable to the Project. See "THE PROJECT – Construction Agreements" in the forepart of this Limited Offering Memorandum. Notwithstanding the foregoing, neither (i) execution of binding construction contracts for the entire Project, nor (ii) completion of construction of the 2nd increment are necessary to complete the Conversion process and to receive its Final Apportionment.

Filing of Form SAB 50-04. To complete the Conversion process, MERF is required to file Form SAB 50-04, the "Application for Funding," and submit such application to the State Allocation Board through the Office of Public School Construction. MERF submitted Form SAB 50-04 in February 2026, well in advance of the October 26, 2026 deadline. Form SAB 50-04 includes, among other things, MERF's final requests for Project funding for the applicable increment, reflecting all adjustments and revisions to Project costs since the Preliminary Apportionment. See "CHARTER SCHOOL FACILITIES PROGRAM AND

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AWARD FUNDING – Allocation of State General Obligation Bond Proceeds." The total amount of apportionment expected to be received in accordance with the Form SAB 50-04 submitted by MERF is currently $49,878,660.

MERF's Form SAB50-04 and the supporting materials submitted therewith will be reviewed by staff of the Office of Public School Construction before the project is considered for approval and placement on the Unfunded List by the State Allocation Board. MERF expects the State Allocation Board to consider its application in May 2026. Approval by the State Allocation Board in May 2026 would position the Project to be considered under the Priority Funding process in November 2026, and to receive proceeds of a Fall 2026 bond sale by the State. However, any delay in (i) consideration by the State Allocation Board, (ii) placement of the Project on the Unfunded List, or (iii) availability of proceeds of State general obligation bonds, may delay MERF's eligibility to receive such funding.

MERF expects the Project to be placed on the Unfunded List and expects to participate in the Priority Funding Process prior to the receipt of a Final Apportionment. Since the commencement of the Charter School Facilities Program, the State has appropriated funding for every project that has been listed on the Unfunded List (except that funding has not yet been appropriated for the projects listed as Unfunded Approvals on Table 3 below).

Allocation of State General Obligation Bond Proceeds

This Limited Operating Memorandum sets forth the projected date of the Unfunded Approval and the Final Apportionment, other applicants to the Charter School Facilities Program and their Preliminary Apportionments and current Conversion deadlines, and the State Allocation Board's remaining authorization for the Charter School Facilities Program as of the date hereof. The schedule by which MERF expects to receive its Unfunded Approval and the Final Apportionment for the Project involves known and unknown risks, uncertainties and other factors such as the completion of the Conversion process by other applicants and the State's issuance of general obligation bonds that may cause actual results, performance or achievements to be materially different from those projected in the Limited Offering Memorandum.

MERF expects the State to issue general obligation bonds in 2026. The State will use the proceeds of such general obligation bonds to finance grants to various programs including, it is anticipated, MSA-5. The following table sets forth the Borrower's projected schedule of events and tasks culminating in receipt of its Final Apportionment.

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TABLE 1
THE PROJECT
Milestone Events and Tasks for Final Apportionment[(1)]

	1st Increment Dates	2nd Increment Dates	3rd Increment Dates
Submission of Project to the Division of the State Architect	June 2024	December 2024	April 2025[(2)]
Department of Education Approval	September 2024 (Site Approval) / January 2025 (Plan Approval)		
Division of the State Architect Approval	September 2024	June 2025[(2)]	January 2026[(2)]
Submission of Form SAB 50-04[(2)]	February 2026[(2)]		
State Allocation Board Approval; Placement of the Project on the Unfunded List	April 2026[(3)]		
Office of Public School Construction Approval	May-June 2026[(3)]		
Sale of General Obligation Bonds by the State of California and Funding of the State School Facilities Funds and Charter School Facilities Accounts[(4)]	Fall 2026[(3)]		
Submission of Form SAB 50-05 by MERF	Fall 2026 [(2)] (following State G.O. Bond Sale)		
Funds Released – Final Apportionment paid to MERF	Fall 2026 [(2)] (following submission of SAB 50-05)		

(1) The Project comprises the following three phases or "increments": 1st Increment, consisting of site work; 2nd increment, consisting of the academic building; and 3rd increment, consisting of the gymnasium.
(2) See "– Current Status of the Conversion Process by MERF" herein.
(3) Projected.
(4) To the extent the proceeds from the sale of State's general obligation bonds, which are expected to be issued in the Fall of 2026, are not sufficient to finance the Borrower's Final Apportionment, MERF is eligible to receive proceeds from a subsequent issuance of general obligation bonds. Neither MERF nor the Borrower can predict whether or when the State may issue State general obligation bonds.

Source: MERF.

To qualify for funding from proceeds of general obligation bonds, projects must be on the Unfunded List. In order to be placed on the Unfunded List, a project must receive a Preliminary Apportionment and complete the Conversion process. The following table sets forth the State Allocation Board's remaining unallocated authority to provide Final Apportionments, the Unfunded Approvals under each State School Facility Bond, and the remaining authority to provide Final Apportionments less the Unfunded Approvals.

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TABLE 2
CHARTER SCHOOL FACILITIES PROGRAM
Funding Authority for Charter School Facilities
($ in millions)

Bond Authorization	Original Funding Authority	[A] Remaining Funding Authority Excluding Unfunded Approvals (as of Jan. 28, 2026)	[B] Funding Reserved for Current Applicants[1]	[A-B] [C] Remaining Unallocated Authority[2] (as of Jan. 28, 2026)
Proposition 47	$100.0	3.4	2.7	0.7
Proposition 55	300.0	21.7	20.9	0.8
Proposition 1D	500.0	68.2	56.0	12.2
Proposition 51	500.0	77.0	66.6	10.4
Subtotal – Prop. 47 through Prop. 51	$1,400.0	$170.3	$146.2	$24.1
2024 State School Facilities Bond[4]	600.0	594.3	--	594.3
Total[3]	$2,000.0	$764.6	$146.2	$618.4

(1) Includes Unfunded Approvals and submitted applications for Unfunded Approvals (as reflected in Table 3 below), and current applicants (as reflected in Table 4 below).
(2) The State Allocation Board has not allocated the amounts set forth in the column titled "Remaining Unallocated Authority Including Unfunded Approvals" to any specific project.
(3) Includes $36,999,599 in respect of the Final Apportionment for the Project.
(4) The Project is not eligible for funding under the 2024 State School Facilities Fund. Only new applicants may qualify for such funding.
Source: Office of Public School Construction.

In the event that the proceeds available to finance grants under the Charter School Facilities Program are not sufficient to finance all projects on the Unfunded List, the State Allocation Board will fund projects in order of their State Allocation Board approval date and in order within each source of bonds. See "– State School Facilities Bonds."

On October 26, 2022, the Project received a Preliminary Apportionment from the State Allocation Board in the amount of $50,832,332, of which the State Allocation Board has disbursed $13,832,733. MERF expects that the Final Apportionment in the amount of $36,045,927 will be sufficient to pay principal of the Grant Anticipation Notes when due. This remaining amount of the Preliminary Apportionment is reserved for the Project until and unless MERF either fails to complete the Conversion process prior to the applicable deadline, or after having completed the Conversion process and with the Project placed on the Unfunded List, fails to timely submit a priority funding request.

The following table sets forth the aggregate amount of Final Apportionments approved by the State Allocation Board and aggregate amount of Preliminary Apportionments for applicants that have submitted Form SAB 50-04 to the State Allocation Board for approval.

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TABLE 3
CHARTER SCHOOL FACILITIES PROGRAM
Unfunded Approvals
As of December 3, 2025

	Number of Applicants	Apportionment
Applicants with Unfunded Approvals	7	$25,440,594.10[(1)(2)]

[(1)] These projects are presently awaiting funding from proceeds of State general obligation bonds. Includes $11.3 million for preliminary apportionments for design and site funding for four projects.
[(2)] As of December 3, 2025, there were no applicants with pending SAB 50-04 submissions.
Source: Office of Public School Construction.

As of December 3, 2025, there were ten applicants with Preliminary Apportionments that were left to Convert and are eligible for an aggregate Final Apportionment of approximately $120.5 million once they Convert.

TABLE 4
CHARTER SCHOOL FACILITIES PROGRAM
Allocation for Current Applicants
As of December 3, 2025

School District	Charter School	Application Date	Conversion Deadline	Allocation Amounts
Los Angeles Unified SD	**Magnolia Science Academy 5**	**5/2/2022**	**10/26/2026[(1)(2)]**	**$36,999,598.80**
Cascade Union Elementary SD	Tree of Life International Charter School	5/11/2022	10/26/2026[(1)(2)]	2,279,250.00
Natomas Unified SD	Natomas Charter School	6/1/2022	10/26/2026[(2)]	11,561,869.00
Natomas Unified SD	Natomas Charter School	6/1/2022	10/26/2026[(2)]	6,066,703.60
Sacramento City Unified SD	California Montessori Project - Capitol Campus	6/3/2022	10/26/2026[(2)]	6,994,092.30
San Diego Unified SD	King Chavez Academy of Excellence	6/3/2022	10/26/2026[(2)]	6,436,435.50
Shasta Union High SD	California Heritage YouthBuild Academy	5/2/2022	05/31/2027[(2)]	18,965,610.40
San Diego Unified SD	Kavod Charter School	6/3/2022	12/04/2027[(2)]	11,328,468.30
San Diego Unified SD	Kavod Charter School	6/3/2022	12/04/2027[(2)]	3,388,932.00
Twin Rivers Unified SD	Community Outreach Academy	6/3/2022	02/28/2028[(2)]	16,520,256.00
Total				$120,541,215.90

[(1)] Since December 3, 2025 (the effective date of this table), a Form SAB 50-04 has been submitted for this applicant and project.
[(2)] Such applicant is eligible for a one-time, one-year extension. However, neither MERF nor the Borrower can predict whether any or all of such applicants will complete the Conversion process prior to MERF.
Source: Office of Public School Construction.

The sum of (i) the CSFP award allocation for current applicants without Unfunded Approvals shown in Table 4 above (approximately $120.5 million) and (ii) the total apportionment for current Unfunded Approvals set forth in Table 3 above (approximately $55.4 million), equals approximately $146.0 million, which does not exceed the remaining funding authority for the applicable State School Facilities Funds reflected in Table 2 ($170.3 million). Thus, the State Allocation Board has sufficient authority under the Charter School Facilities Program to fully fund the Project and to place the Project on the Unfunded List when MERF completes the Conversion process. The State has not yet issued general obligation bonds to fund any of the projects reflected in Table 3 or Table 4.

While the voters in the State have approved the issuance of general obligation bonds to generate the necessary funds for the State Allocation Board to fund all of the current CSFP projects shown in Table 3 and

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Table 4 above, a number of additional procedural actions are required, including approval of the State School Building Finance Committee. MERF expects the Project to be placed on the Unfunded List upon the completion of the Conversion process and to receive a Final Apportionment from proceeds of general obligation bonds issued by the State in 2026 subject to availability of such funds. See "CHARTER SCHOOL FACILITIES PROGRAM – MSA-5 – Milestones Achieved and Current Status Under the Charter School Facilities Program."

History of Award Funding. As noted above, since the commencement of the Charter School Facilities Program, the State has appropriated funding for every project that has been listed on the Unfunded List (except that funding has not yet been appropriated for the projects listed as Unfunded Approvals on Table 3 above). No assurance can be made as to the date by which the State may issue general obligation bonds for the purpose of funding any award pursuant to the Charter School Facilities Program, including any award in respect of the MSA-5 Facility.

Issuance of State General Obligation Bonds. State general obligation bonds to fund awards under the Charter School Facilities Program are issued under the applicable voter approved bond act (see " – State School Facility Bonds" above) and a bond resolution approved by the State School Building Finance Committee. The timing of the bond sales is determined by the State Treasurer. The Public Finance Division of the State Treasurer's Office ("PFD") manages the State's debt portfolio, overseeing the issuance of debt, and monitors and services the State's outstanding debt. PFD also handles the sale of general obligation bonds and other forms of debt.

Generally, because of certain blackout periods, the State issues general obligation bonds (i) in the spring, from the beginning of March through mid-April, and (ii) in the fall, from late August through mid-November. As noted above, no assurance can be made as to the date by which the State may issue general obligation bonds for the purpose of funding any award pursuant to the Charter School Facilities Program, including any award in respect of the MSA-5 Facility. See "CERTAIN RISK FACTORS – Availability of State General Obligation Bond Proceeds."

Lien and Covenants, Conditions, and Restrictions pursuant to the Education Code

State Lien. The State has recorded a notice of lien pursuant to Section 17078.63(a) of the Education Code stating that the MSA-5 Facility is held in trust by MERF for the benefit of the State public school system.

Covenants, Conditions and Restrictions. MERF has recorded a restrictive covenant pursuant to Section 17078.63(a) of the Education Code that provides the following:

1. The MSA-5 Facility and any facilities constructed, rehabilitated, or retrofitted at the MSA-5 Facility using funds allocated pursuant to the Greene Act shall be used only for public school purposes as authorized in the California Constitution and statute;

2. In the event the MSA-5 Facility is no longer needed for charter school purposes, title to the MSA-5 Facility shall vest in the school district in which the property is physically located, which the school district shall hold in trust for benefit of the State public school system. The remainder interest provided in the restrictive covenant shall be triggered when the MSA-5 Facility is no longer needed for charter school purposes and shall then be subject to paragraphs (2) to (6) , inclusive, of subdivision (b) of Section 17078.62 of the Education Code;

3. In the event the District disclaims its interest in the Facilities, title shall vest in the State;

4. A successor charter school, qualified pursuant to Section 17078.62(b)(2) of the Education Code (the "MERF's successor"), shall be permitted to meet its facility needs by occupying the MSA-5 Facility,

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for the benefit of the State public school system, on equal terms as MERF, including, but not limited to, assumption of fee simple title to the MSA-5 Facility; and

5. The restrictive covenant shall run with the land and shall be binding upon MERF, MERF's successors, and all parties having or acquiring any right, title or interest in the MSA-5 Facility or any part thereof, and shall inure to the benefit of the State.

MERF does not expect the MSA-5 Facility to be developed in a manner sufficient for the operation of a charter school or a traditional public school until completion of the Project. MERF cannot predict whether the State, the District, or another charter school operator would accept the MSA-5 Facility in its present condition or if the Project were completed. If such entities decline to take possession of the MSA-5 Facility, it is possible that the MSA-5 Facility could be disposed in a manner that is applicable to the disposal of surplus public school sites. See "CERTAIN RISK FACTORS – Prior Lien on the MSA-5 Facility" herein.

As security for the payment of the Grant Anticipation Notes, the Authority in the Note Indenture assigns to the Trustee certain of the Authority's rights under the Note Loan Agreement, including the right to receive Payments under the Note Indenture, but excluding any deposits to the Rebate Fund; and the Borrower will assent to such assignment and agrees to make payments from Grant Anticipation Note Loan Agreement Revenues directly to the Trustee, without defense or set off by reason of any dispute between the Borrower and the Authority or the Trustee. By virtue of such assignment and certain obligations of the Borrower to the Trustee, the Trustee shall be a third-party beneficiary of the Note Loan Agreement and will have the right to enforce the obligations of the Borrower under the Note Loan Agreement, subject to the limitations hereof, including the limitations set forth in the Note Loan Agreement.

No lien on the MSA-5 Facility secures MERF's obligations under the Grant Anticipation Note Loan Agreement, or the Borrower's obligations under the Note Loan Agreement. See "CERTAIN RISK FACTORS – No Fee Interest in Certain Facilities."

Limitation on Disposition of Property, Plant and Equipment and the Project. Pursuant to the Grant Anticipation Note Loan Agreement, MERF covenants and agrees that it will not sell or otherwise dispose, including any disposition by lease, of the property, plant and equipment consisting of all or any part of the MSA-5 Facility, except for disposition or transfers:(a) of property, plant and equipment no longer necessary for the operation of the MSA-5 Facility; (b) of property, plant and equipment replaced by property, plant and equipment of similar type and/or of substantially equivalent function with a substantially equivalent value; or (c) of property, plant and equipment sold or disposed of at a price equal to their fair market value.

Under the Note Loan Agreement, MERF may not cause or permit any portion of the MSA-5 Facility that is part of the Project to be used or operated in any manner except in conjunction with a school under the Charter School Law.

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement"), dated as of November 1, 2026, is executed and delivered by and between Magnolia Properties Management, Inc., a California nonprofit public benefit corporation (the "Borrower"), Magnolia Educational & Research Foundation, a California nonprofit public benefit corporation ("MERF") and KNN Public Finance, LLC, as dissemination agent (the "Dissemination Agent") in connection with the issuance by the California School Finance Authority (the "Authority") of its (i) Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026C (the "Series 2026C Bonds") and (ii) Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026D (Taxable) (the "Series 2026D Bonds" and together with the Series 2026C Bonds, the "Bonds"). The Bonds are being issued pursuant to an Indenture dated as of November 1, 2026 (the "Bond Indenture") by and between the Authority and UMB Bank, National Association, as trustee (the "Trustee"). The proceeds of the Bonds are being loaned by the Authority to the Borrower pursuant to a Loan Agreement dated as of November 1, 2026 (the "Loan Agreement"). Pursuant to the Loan Agreement, the Borrower has covenanted and agreed to provide the continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events.

Section 1. Purpose of Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Borrower and MERF for the benefit of the Registered Owners of the Bonds (for such purpose beneficial owners of the Bonds shall also be considered Registered Owners of the Bonds) and to assist Stifel, Nicolaus & Company, Incorporated (the "Participating Underwriter"), in complying with the Rule.

Section 2. Defined Terms. In addition to the definitions set forth in the Bond Indenture, the Lease (as herein defined) or the Loan Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by MERF pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Authority" means the California School Finance Authority, its successors and assigns.

"Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Bond Indenture" means the Indenture, dated as of November 1, 2026, between the Authority and the Trustee.

"Bonds" means the Series 2026C Bonds and the Series 2026D Bonds.

"Borrower" means Magnolia Properties Management, Inc., a California nonprofit public benefit corporation.

"Disclosure Representative" shall mean the chief financial officer of MERF or such other officer, agent or employee as MERF shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" means KNN Public Finance, LLC, as dissemination agent under this Disclosure Agreement, its successors and assigns.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule.

"Events Notices" means the notices required to be given by MERF pursuant to Section 5 of this Disclosure Agreement.

"*Financial Obligation*" means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

"Fiscal Year" means the twelve month accounting period used with respect to the operations of MERF ending June 30 of each year; provided, however, MERF, by resolution duly passed, may change such accounting period to end on another date if such change is found and determined to be necessary or appropriate for budgetary or other fiscal purposes.

"Lease" means those certain Lease Agreements, each dated as of April 1, 2025, by and between MERF, as tenant, and each of MPM Sherman Way and MPM San Diego, as lessors.

"Listed Event" means any of the events listed in subsection (a) and subsection (b) of Section 5 hereof.

"Limited Offering Memorandum" means the Limited Offering Memorandum dated as of October __, 2026, relating to the Bonds.

"Magnolia Schools" shall mean each of the public charter schools operated by MERF.

"Master Trust Indenture" means that certain Master Indenture of Trust, dated as of April 1, 2025, by and among the Borrower, the Members, as initial Members of the Obligated Group, and UMB Bank, National Association, as Master Trustee thereunder.

"Member" shall have the meaning ascribed thereto in the Master Trust Indenture; as of the date hereof, the only Members are MPM Sherman Way LLC, MPM San Diego LLC, and MPM Santa Ana LLC, each of which is a California limited liability company the sole member of which is the Borrower.

"MSRB" means the Municipal Securities Rulemaking Board, located at 1300 I Street NW, Suite 1000, Washington, DC 20005, its successors and assigns.

"Operations Report" means the financial information and operating data required to be transferred by MERF to the Dissemination Agent pursuant to the Section 3(a)(3) of this Disclosure Agreement.

"Participating Underwriter" means Stifel, Nicolaus & Company, Incorporated, as original purchaser of the Bonds, its successors and assigns.

"Quarterly Report" means the financial information and operating data required to be transferred by MERF to the Dissemination Agent pursuant to the Section 3(a)(2) of this Disclosure Agreement.

"Repository" means EMMA.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as amended or supplemented by the SEC from time to time.

"School Loan Agreement" shall mean that certain Loan Agreement, dated as of November 1, 2026, by and between MPM Santa Ana LLC, as lender, and MERF, as borrower.

"SEC" means the Securities and Exchange Commission, its successors and assigns.

"Series 2026C Bonds" means the Authority's Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026C.

"Series 2026D Bonds" means the Authority's Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026D (Taxable).

"Trustee" means UMB Bank, National Association, its successors and assigns.

Section 3. Provision of Annual Reports.

(a) MERF shall provide, or shall cause the Dissemination Agent to provide, to the MSRB, not later than six months after the end of MERF's Fiscal Year, commencing with the Fiscal Year ending June 30, 2026 (except as hereinafter provided), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the consolidated audited financial statements of MERF (and any information determined from the audited financial statement) may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If MERF's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The Borrower hereby agrees to provide to MERF any information required from the Borrower for the Annual Report. The Annual Report shall be submitted on a standard from in use by industry participants or other appropriate form and shall identify Bonds by name and CUSIP number, if available.

(b) MERF shall be responsible for the preparation of the Annual Report. Not later than five (5) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, MERF shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact MERF to determine if MERF is or expects to be in compliance with the first sentence of subsection (a) above.

(c) The Dissemination Agent shall transmit the Annual Report to the MSRB in electronic format accompanied by identifying information as prescribed by the MSRB.

Section 4. Content of Annual Reports.

(a) The Annual Report shall be in a format suitable for filing with the MSRB and shall contain or include by reference the following:

(i) The audited financial statements of MERF, prepared in accordance with generally accepted accounting principles applicable to nonprofit corporations from time to time, if available.

(ii) An Executed Certificate for Annual Filing of Certain Financial and Operating Covenants completed substantially in the form attached hereto as Exhibit A.

(iii) The enrollment data with respect to the Magnolia Schools provided to the State of California under the Charter School Law, and (B) a copy of all annual charter school reports with respect to the Magnolia Schools required to be prepared by MERF under California law.

(b) Any or all of the items listed above may be included by specific reference to other documents, including any official statement or prospectus of debt issues for the benefit of the Magnolia Schools or related public entities, which have been submitted to the MSRB. If the document included by reference is a final

official statement, it must be available from the MSRB. MERF shall clearly identify each such other document so included by reference. MERF and the Borrower are solely responsible for the content and format of the Annual Report, and the Dissemination Agent shall have no liability or responsibility for content, format, accuracy or completeness of such Annual Report.

(c) Any or all of the Annual Reports may be incorporated by reference from other documents, including official statements, which have been submitted to the Repository. If the Annual Report information is changed or this Disclosure Agreement is amended in accordance with its terms, then MERF is to include in the next Annual Report to be delivered thereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, MERF shall give, or cause to be given, notice of the occurrence of any of the following events with respect to Bonds, if material:

(i) non-payment related defaults;

(ii) modifications to rights of Bond holders;

(iii) Bond calls;

(iv) unless described in Section 5(b)(vii) below, other material notices or determinations with respect to the tax exempt status of Series 2026C Bonds or other events affecting the tax exempt status of Series 2026C Bonds;

(v) release, substitution or sale of property securing repayment of Bonds;

(vi) the consummation of a merger, consolidation or acquisition involving any the Borrower, Member or MERF or the sale of all or substantially all of the assets of the Borrower, any Member or MERF (other than in the ordinary course of business) or the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions other than in accordance with its terms;

(vii) appointment of a successor or additional trustee or change in name of a trustee; or

(viii) incurrence of a Financial Obligation of the Borrower, MERF or any Member, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Borrower, MERF or any Member, any of which affect security holders.

(b) Pursuant to the provisions of this Section 5, MERF shall give, or cause to be given, notice of the occurrence of any of the following events with respect to Bonds:

(i) principal and interest payment delinquencies;

(ii) defeasances;

(iii) rating changes;

(iv) unscheduled draws on debt service reserves reflecting financial difficulties;

(v) unscheduled draws on any credit enhancements reflecting financial difficulties;

(vi) substitution of credit or liquidity providers, or their failure to perform;

(vii) adverse tax opinions affecting the tax exempt status of Series 2026C Bonds, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB);

(viii) tender offers;

(ix) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Borrower, MERF or any Member, any of which reflect financial difficulties; and

(x) bankruptcy, insolvency, receivership or a similar proceeding by the Borrower or MERF.

For purposes of the event identified in clause (x) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for MERF or the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of MERF or the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of MERF or the Borrower.

(c) Upon the occurrence of a Listed Event specified in Section 5(a), MERF shall as soon as possible determine if such event would be material. The Dissemination Agent shall have no responsibility for such determination.

(d) If MERF has determined that the occurrence of a Listed Event specified in Section 5(a) would be material, or upon the occurrence of a Listed Event specified in Section 5(b), MERF shall notify the Dissemination Agent in writing within three business days of the occurrence of such event in a format suitable for filing with the MSRB, with instructions to the Dissemination Agent to file a notice of the occurrence of such Listed Event pursuant to subsection (e).

(e) If the Dissemination Agent has been instructed in writing by MERF to report the occurrence of a Listed Event and has received a notice of the occurrence in a format suitable for filing with the MSRB, the Dissemination Agent shall file such notice with the MSRB with a copy to the Participating Underwriter and the Authority in a timely manner not in excess of ten business days after the occurrence of the event.

(f) The Borrower hereby agrees to provide to MERF notice of any events specified in this Section 5 of which it has actual notice within five (5) days of receipt of such notice by the Borrower.

Section 6. Provision of Quarterly Reports.

(a) MERF agrees to provide, or shall cause the Dissemination Agent to provide, to the MSRB, not later than 60 days after the end of each of MERF's fiscal quarters, commencing with the fiscal quarter ending December 31, 2025, a Quarterly Report which is consistent with the requirements of Section 7 of this Disclosure Agreement. The Quarterly Report may be submitted as a single document or as separate documents constituting a package, and may include by reference other information as provided in Section 7 of this Disclosure Agreement. The Borrower hereby agrees to provide to MERF any information required from the Borrower for the Quarterly Reports.

(b) MERF shall be responsible for the preparation of the Quarterly Report. Not later than five (5) business days prior to the date specified in subsection (a) for providing the Quarterly Report to the MSRB, MERF agrees to provide the Quarterly Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Quarterly Report, the Dissemination Agent shall contact MERF to determine if MERF is or expects to be in compliance with the first sentence of subsection (a) above.

(c) The Dissemination Agent shall transmit the Quarterly Report to the MSRB in electronic format accompanies by identifying information as prescribed by the MSRB.

Section 7. Content of Quarterly Reports.

(a) MERF's Quarterly Report shall be in a format suitable for filing with the MSRB and shall contain or include by reference the following:

(i) For the Obligated Group, the Officer Certificate executed in connection with any addition or withdrawal of a Member pursuant to Sections 3.11 and 3.12, respectively, of the Master Trust Indenture, if applicable.

(ii) The unaudited financial statements and operating data for MERF for the previous fiscal quarter of the type and in the format provided in audited financial statements of MERF for the prior Fiscal Year.

(iii) For the Magnolia Schools, enrollment data by school for the previous quarter.

(iv) For the final fiscal quarter of each Fiscal Year, a copy of MERF's budget for the subsequent Fiscal Year.

(v) A year-to-date comparison of the revenues and expenditures in the unaudited financial statements to the annual budget for MERF.

(vi) Recommendations of any consultant received in accordance with the Master Trust Indenture during such fiscal quarter.

(vii) Notice of any threatened termination of any license, charter or other official approval or accreditation which is material to the activities of MERF or the Magnolia Schools, or of the commencement of any litigation or other governmental or judicial proceeding in which an outcome adverse to MERF could result in a judgment in excess of available insurance coverage or otherwise have a material adverse effect on the operations or financial condition of MERF, and any other event which reasonably could be expected to have a material adverse effect on the operations or financial condition of MERF.

(viii) Management discussion of any significant variance between budgeted and actual revenues and expenditures during the previous fiscal quarter.

(ix) Any change in Key Management Personnel for MERF's Executive Team as shown on pages A-34 through A-37 of Appendix A to the Limited Offering Memorandum.

(b) Any or all of the items listed in subsection (a) above may be included by specific reference to other documents, including any official statement or prospectus of debt issues for the benefit of MERF or related public entities, which have been submitted to each of the MSRB. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. MERF shall clearly identify each such other document so included by reference. MERF is solely responsible

for the content and format of the Quarterly Report, and the Dissemination Agent shall have no liability or responsibility for content, format, accuracy or completeness of such Quarterly Report.

Section 8. Use of EMMA. Any filings required to be made with or notices to be given to the MSRB under this Disclosure Agreement shall be effected by sending the filing or notice to EMMA at www.emma.msrb.org in an electronic format accompanied by identifying information as prescribed by the MSRB, or to such other entity and in such other format as may be designated under the Rule. The Dissemination Agent agrees to comply with the provisions of EMMA in making such filings and giving such notices under this Disclosure Agreement.

Section 9. Termination of Reporting Obligation. The obligations of MERF, the Borrower and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption, prepayment or payment in full of all of Bonds. If such termination occurs prior to the final maturity of Bonds, MERF shall give notice of such termination in the same manner as for a Listed Event under Section 5(d) hereof.

Section 10. Annual Conference Calls. MERF shall schedule annual conference calls (following the end of the 2024-25 Fiscal Year) for Beneficial Owners to be held during normal business hours (for both prevailing Eastern Time and prevailing Pacific Time), and shall provide the Dissemination Agent and the Participating Underwriter with a notice of date and time for such call and contact telephone information.

Section 11. Failure to File. If MERF does not provide to the Dissemination Agent a copy of an Annual Report or a Quarterly Report by the applicable dates required in Section 3(a) or Section 6(a) above, the Dissemination Agent in a timely manner shall send a notice to the Borrower, MERF and the Participating Underwriter in substantially the form attached as Exhibit B. If the Borrower or MERF files any report directly with MSRB, the Borrower or MERF shall promptly provide the Dissemination Agent with a confirmation or documentation reasonably required by the Dissemination Agent confirming that the filing of such report was made in a timely manner on or before the date required herein (or if not as of such date, specifying the date of filing) and that such filing contained the information required by this Disclosure Agreement.

Section 12. Dissemination Agent. MERF may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by MERF pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, MERF shall be the Dissemination Agent. The initial Dissemination Agent shall be KNN Public Finance, LLC. Any person succeeding to all or substantially all of the Dissemination Agent's business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act. The Dissemination Agent may resign its duties under this Disclosure Agreement upon 60 days prior written notice to MERF.

Section 13. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, MERF, the Borrower and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the

Powered by BoardOnTrack

original execution and delivery of Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The proposed amendment or waiver either (i) is approved by the Holders of Bonds in the same manner as provided in the Bond Indenture for amendments to the Bond Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel or another party unaffiliated with MERF, materially impair the interests of the Holders or Beneficial Owners of Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, MERF shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by MERF. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, notice of such change shall be given in the same manner as for a Listed Event under Section 5(d).

Section 14. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent MERF from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If MERF chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, MERF shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 15. Default. In the event of a failure of MERF, the Borrower or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent (at the written direction of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding and upon being indemnified to its satisfaction therefor, shall, or the Participating Underwriter or any Holder of Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause MERF or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under Bonds, the Bond Indenture, or the Loan Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of MERF or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance. The Dissemination Agent shall not be required to take any action whatsoever to cause MERF to comply with its obligations under this Dissemination Agreement other than those specifically set forth in Section 3 hereof.

Section 16. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants or obligations of the Dissemination Agent shall arise in this Disclosure Agreement. MERF and the Borrower agree jointly and severally to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, fees, expenses and liabilities which it may incur arising out of the disclosure of information pursuant to this Disclosure Agreement or arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct, as the case may be. The obligations of MERF under this Section shall survive resignation or removal of the Dissemination Agent, termination of this Disclosure Agreement and payment of Bonds. The Dissemination Agent shall have no liability for MERF's failure to report any event or any financial information or operating data as to which MERF has not provided an information report in format suitable for filing with the MSRB. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in a fiduciary capacity. The obligations of MERF under this Section shall survive resignation of the Dissemination Agent or the termination of this Dissemination Agreement. In the absence of bad faith on its part, the Dissemination Agent

may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Dissemination Agent by the Disclosure Representative and conforming to the requirements of this Disclosure Agreement. In the case of any Annual Reports or description of any Listed Events, or any opinions which by any provision hereof are specifically required to be furnished to the Dissemination Agent, the Dissemination Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Disclosure Agreement, but shall be under no duty to verify independently or investigate the accuracy or completeness of any information contained therein or the correctness of any opinion furnished hereunder. No provision of this Disclosure Agreement shall require the Dissemination Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, or other paper or document believed by it to be genuine and to have been signed or presented by the Disclosure Representative. The Dissemination Agent may consult with counsel of its choice and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon, it being understood that for purposes of this provision, that such counsel may be counsel to MERF. MERF shall not be liable for the fees and expenses of any such counsel consulted by the Dissemination Agent without the prior consent of MERF. The Dissemination Agent shall not be bound to make any investigation into the facts or matters stated in and Annual Report or description of a Listed Event. To the extent not otherwise provided in this Disclosure Agreement, the Dissemination Agent shall be entitled to discharge its obligation hereunder in like manner as specified in the Bond Indenture for the discharge of the obligations of the Trustee thereunder.

Section 17. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To MERF or the Borrower:
Magnolia Educational & Research Foundation
Attn:
250 East 1st Street
Los Angeles, California 90012

To Dissemination Agent:
KNN Public Finance, LLC

e-mail: tfrydendall@knninc.com

A copy of each notice shall be sent to the Participating Underwriter as follows:

Stifel, Nicolaus & Company, Incorporated
Attn: John Kim
2121 Avenue of the Stars, Suite 2150
Los Angeles, CA 90067

A copy of each notice under Section 5 hereof shall be sent to the Authority as follows:

California School Finance Authority
State Treasurer's Office
304 S. Broadway, Suite 8500
Los Angeles, California 90013

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 18. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of MERF, the Dissemination Agent, the Participating Underwriter, the Trustee and Holders and Beneficial Owners from time to time of Bonds, and shall create no rights in any other person or entity, except that the Authority is a third-party beneficiary for purpose of notice of Listed Events under section 5(e).

Section 19. Fees and Expenses. Except to the extent limited by Section 15 hereof, the Dissemination Agent shall be entitled to payment and reimbursement from MERF for its services rendered hereunder and all rightful advances and other expenses reasonably made or incurred by the Dissemination Agent.

Section 20. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 21. Choice of Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of California, provided that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 22. Severability. If any portion of this Disclosure Agreement shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Agreement shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 23. Other Instruments. MERF and the Dissemination Agent covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out this Disclosure Agreement.

Section 24. Captions, Titles, and Headings. The captions, titles, and headings used in this Disclosure Agreement are for convenience only and shall not be construed in interpreting this Disclosure Agreement.

Section 25. Entire Agreement. This Disclosure Agreement contains the entire understanding among the parties and supersedes any prior understandings or written or oral agreements between them respecting the subject matter of this Disclosure Agreement.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Continuing Disclosure Agreement as of the date first written above.

KNN PUBLIC FINANCE, LLC, as Dissemination Agent

By: _____
Its: Authorized Officer

MAGNOLIA PROPERTIES MANAGEMENT, INC., a California nonprofit public benefit corporation

By: _____
Its: Authorized Officer

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION, a California nonprofit public benefit corporation

By: _____
Its: Authorized Officer

EXHIBIT A

FORM OF CERTIFICATE FOR ANNUAL FILING OF CERTAIN FINANCIAL AND OPERATING COVENANTS

Name of Issuer:	California School Finance Authority
Name of Bond Issue:	California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026C and Series 2026D (Taxable)
Dissemination Agent:	KNN Public Finance, LLC
Name of Borrower:	Magnolia Properties Management, Inc.
Date of Issuance:	November __, 2026

The undersigned authorized representative of Magnolia Educational & Research Foundation ("MERF"), is providing to the Dissemination Agent the following operational information as required under Section 4 of the Continuing Disclosure Agreement, dated as of November 1, 2026 (the "Disclosure Agreement"), between the Dissemination Agent, the Borrower and MERF. The Disclosure Agreement requires that this information be provided to the Dissemination Agent within six months of the end of each fiscal year. Defined terms used in this certificate and not defined herein shall have the meaning granted to such terms in the Disclosure Agreement or, if not defined therein, in the Master Trust Indenture. The information contained below is unaudited.

1. The undersigned is familiar with the provisions of the Leases and the School Loan Agreement, and based on such review and familiarity, MERF has fulfilled all of its obligations thereunder throughout Fiscal Year preceding the date hereof, and there have been no Defaults or Events of Default under any Lease or School Loan Agreement (or, if there has been a Default or Event of Default in the fulfillment of any such obligation in such Fiscal Year, attached hereto as Appendix I is additional information specifying each such Default or Event of Default known to the undersigned and the nature and status thereof and the actions taken or being taken to correct such Default or Event of Default).

2. All insurance required by the Leases and the School Loan Agreement is in full force and effect as of the date hereof.

3. Obligated Group – Financial Covenants As of June 30, 20__:

   (a) The Debt Service Coverage Ratio pursuant to Section 3.__ of the Master Indenture for the Fiscal Year ended June 30, 20__ was ___x.

4. Obligated Group Schools – Financial Covenants As of June 30, 20__:

   (a) The Days Cash on Hand of MERF as of June 30, 20__ was ___ days, which [does/does not] comply with the liquidity covenant in the Leases and School Loan Agreement.

   (b) The Consolidated Base Rent Coverage Ratio of MERF for the Fiscal Year ended June 30, 20__ was ___ days, which [does/does not] comply with the liquidity covenant in the Leases and School Loan Agreement.

5. The following information with respect to each Magnolia School:

(a) Total Enrollment (Actual for Prior + Projected for Two Following Years)

(b) Retention (Prior Year)

(c) Teacher Retention Rate (Prior Year)

(d) The State's Smarter Balanced Assessment scores (Prior Year), indicating for English language arts and literacy ("ELA/L") and mathematics ("Math") the aggregate percentages of students meeting or exceeding the State's standards

	Grades Served	SBAC – ELA[1]	SBAC – Math[1]
MAGNOLIA SCHOOLS[2]			
COMPARATIVE LOCAL SCHOOLS[3]			

LOCAL AND STATE			
Los Angeles Unified School District			
San Diego Unified School District			
Santa Ana Unified School District			
State of California			

(1) Represents the aggregate percentages of test-taking students that met or exceeded the SBAC standard.
(2) Any additional schools managed by MERF shall be added.
(3) Comparative public district and charter schools nearby.

(e) Wait List Data by School for 20___- 20___

	Applications Received	Open Seats	Wait List

(f) Average daily attendance and % of EL/LI student enrollment (prior year)

	ADA	Attendance Rate	% of EL/LI Enrollment

(g) California School Dashboard and Change Report and Local Indicators (prior year)

(h) Student demographics (prior year)

	Total Students	Percentage FRPM	English Learner %	% Latino	% African American	% White

(i) Employment and staffing (prior year)

School Year	Teachers	School Support Staff	School Leaders	Student to Teacher Ratio

This certificate is being provided by MERF to the Dissemination Agent on a date which is [within][outside] of six months from the end of its prior fiscal year.

Dated: _____

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

_____

By: _____

Its: _____

EXHIBIT B

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL OR QUARTERLY REPORT

Name of Issuer:	California School Finance Authority
Name of Bond Issue:	California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026C and Series 2026D (Taxable)
Dissemination Agent:	KNN Public Finance, LLC
Name of Borrower:	Magnolia Properties Management, Inc.
Date of Issuance:	November __, 2026

NOTICE IS HEREBY GIVEN that the Borrower has not provided an [Annual Report][Quarterly Report] with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of November 1, 2026, between the undersigned Dissemination Agent, the Borrower and Magnolia Educational & Research Foundation The Borrower anticipates that the [Annual Report] [Quarterly Report] will be filed by _____.

Dated: _____

KNN PUBLIC FINANCE, LLC
as Dissemination Agent

By_____
Authorized Signatory

cc: Stifel, Nicolaus & Company, Incorporated

APPENDIX G

BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC"), will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of each Series of Bonds, each in the aggregate principal amount of that maturity of Bonds, and will be deposited with DTC. If, however, the aggregate principal amount of any series and maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such series and maturity.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borrower believes to be reliable, but neither the Authority nor the Borrower take responsibility for the accuracy thereof.

APPENDIX H

FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, proposes to deliver its final approving opinion with respect to the Bonds in substantially the following form:

[Date of Delivery]

California School Finance Authority
Sacramento, California

California School Finance Authority Charter School Revenue Bonds
(Magnolia Public Schools – Obligated Group), Series 2026C

and

California School Finance Authority Charter School Revenue Bonds
(Magnolia Public Schools – Obligated Group), Series 2026D (Taxable)

(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the California School Finance Authority (the "Authority") in connection with the issuance of $_____ aggregate principal amount of California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group), Series 2026C (the "Series 2026C Bonds") and $_____ aggregate principal amount of California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group), Series 2026D (Taxable) (the "Series 2026D Bonds" and, together with the Series 2026C Bonds, the "Bonds"), issued pursuant to an indenture, dated as of November 1, 2026 (the "Indenture"), between the Authority and UMB Bank, National Association, as trustee (the "Trustee"). The Indenture provides that the Bonds are issued for the stated purpose of making a loan of the proceeds thereof to Magnolia Properties Management, Inc. (the "Borrower"), a California nonprofit public benefit corporation, pursuant to a loan agreement, dated as of November 1, 2026 (the "Loan Agreement"), between the Authority and the Borrower. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Loan Agreement, the Master Indenture of Trust, the Supplemental MTI for Obligation No. 3, the Intercept Notice, the School Loan Agreement, the Tax Certificate, opinions of counsel to the Authority, the Trustee, the Borrower and Magnolia Educational & Research Foundation, a California nonprofit public benefit corporation ("MERF"), certificates of the Authority, the Trustee, the Borrower, MERF and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have assumed the correctness of the opinion of Musick, Peeler & Garrett LLP, Los Angeles, California, counsel to the Borrower and MERF, regarding, among other matters, the current qualification of the Borrower and MERF as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"), the use of the facilities financed or refinanced with the proceeds of the Series 2026C Bonds in activities that are not considered unrelated trade or business activities of the Borrower and MERF within the

meaning of Section 513 of the Code, and the status of MERF as a charter school organized under the Charter School Law. We note that such opinion is subject to a number of qualifications and limitations. Failure of the Borrower or MERF to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its respective status as an organization described in Section 501(c)(3) of the Code, or use of the bond-financed or refinanced facilities in activities that are considered unrelated trade or business activities of the Borrower and MERF within the meaning of Section 513 of the Code, may result in interest on the Series 2026C Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Series 2026C Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed that each document and each signature thereon provided to us is genuine and that each such document has been duly and legally executed by, and constitutes a valid and binding agreement of, each party thereto other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second and third paragraphs hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Loan Agreement, the Master Indenture of Trust, the Supplemental MTI for Obligation No. 3, the School Loan Agreement, the Intercept Notice and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series 2026C Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Master Indenture of Trust, the Supplemental MTI for Obligation No. 3, the Loan Agreement, the School Loan Agreement, the Intercept Notice and the Tax Certificate, and their enforceability, may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against governmental entities such as the Authority in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Indenture, the Loan Agreement, the Master Indenture of Trust, the Supplemental MTI for Obligation No. 3, or the Lease, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Limited Offering Memorandum, dated _____, 2026, relating to the Bonds, or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding agreement of, the Authority. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Payments (except Payments pursuant to the Intercept Notice) and any other amounts (excluding proceeds of the sale of the Bonds) held by the Trustee in any fund or account established

pursuant to the Indenture (other than the Rebate Fund), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Bonds are further secured by apportionments from the State Controller, pursuant to Section 17199.4 of the California Education Code and the Intercept Notice, of amounts specified in the Intercept Notice and paid directly to the Trustee.

3. The Loan Agreement has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Authority.

4. Interest on the Series 2026C Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Series 2026C Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Series 2026C Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We observe that interest on the Series 2026D Bonds is not excluded from gross income under Section 103 of the Code. Interest on the Bonds is exempt from State of California personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX I

FORM OF MSA-SD GROUND USE LICENSE

SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 3

MAGNOLIA PROPERTIES MANAGEMENT, INC.,
as Obligated Group Representative,

MPM 16600 VANOWEN STREET LLC,

and

UMB BANK, NATIONAL ASSOCIATION,
as Master Trustee

Dated as of November 1, 2026

Supplementing the Master Indenture of Trust
Dated as of April 1, 2025

4153-8362-1486.3

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SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 3

THIS SUPPLEMENTAL MASTER INDENTURE FOR OBLIGATION NO. 3, dated as of November 1, 2026 ("Supplement No. 3"), between MAGNOLIA PROPERTIES MANAGEMENT, INC., a California nonprofit public benefit corporation (the "Borrower"), as Obligated Group Representative pursuant to the Master Indenture of Trust, dated as of April 1, 2025 (as amended and supplemented, the "Master Indenture"), among the Borrower, the other Members (as defined therein), MPM 16600 VANOWEN STREET LLC, a California limited liability company, and UMB BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as master trustee (the "Master Trustee");

W I T N E S S E T H

WHEREAS, the Borrower and the Master Trustee have entered into the Master Indenture which provides for the issuance by the Obligated Group Representative of Obligations thereunder upon the Obligated Group Representative and the Master Trustee entering into an indenture supplemental to the Master Indenture;

WHEREAS, the Borrower, as Obligated Group Representative, and the Master Trustee have previously entered into (i) that certain Supplemental Master Indenture for Obligation No. 1, dated as of April 1, 2025 ("Supplement No. 1"), which provided for the issuance of Obligation No. 1 in connection with the California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2025AB, and (ii) that certain Supplemental Master Indenture for Obligation No. 2, dated as of [_____], 2026 ("Supplement No. 2"), which provided for [the addition of [_____] as Members of the Obligated Group and] the issuance of Obligation No. 2 in connection with the [California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026[__]];

WHEREAS, the Borrower has been appointed the Obligated Group Representative under the Master Indenture and has all requisite corporate power and is authorized under the terms of the Master Indenture to issue Obligations, which constitute the joint and several obligations of the Members;

WHEREAS, the Borrower, as Obligated Group Representative, desires to issue an Obligation hereunder to secure the obligations arising under and pursuant to a loan agreement, dated as of November 1, 2026, between the California School Finance Authority and the Borrower; and

WHEREAS, all acts and things necessary to constitute this Supplement No. 3 a valid supplemental indenture and agreement according to its terms have been done and performed, and the Borrower, as Obligated Group Representative, has duly authorized the execution and delivery hereof and of the Obligation issued hereby;

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Master Trustee of the trusts hereby created, and of the giving of consideration for and acceptance of the Obligation issued hereunder by the Holder thereof, the Borrower, as Obligated Group

Representative, covenants and agrees with the Master Trustee for the benefit of the Holder from time to time of the Obligation issued hereby, as follows:

Section 1. Definitions. Unless otherwise required by the context, all terms used herein which are defined in the Master Indenture shall have the meanings assigned to them therein, except as set forth below:

"Authority" means the California School Finance Authority and its successors or assigns.

"Obligation No. 3" means the Obligation issued pursuant hereto.

"Series 2026CD Bond Indenture" means that certain bond indenture, dated as of November 1, 2026, between the Authority and the Series 2026CD Bond Trustee, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof.

"Series 2026CD Bond Trustee" means UMB Bank, National Association, a national banking association duly organized and existing under the laws of the United States of America, in its capacity as trustee under the Series 2026CD Bond Indenture, and any successor to its duties or co-trustee under the Series 2026CD Bond Indenture.

"Series 2026CD Bonds" means, collectively, the California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026CDA and California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026CDB (Taxable).

"Series 2026CD Loan Agreement" means that certain loan agreement, dated as of November 1, 2026, between the Authority and the Borrower, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with the terms thereof and of the Series 2026CD Bond Indenture.

"Series 2026CD Loan Repayments" means all of the payments so designated and required to be made by the Borrower pursuant to Section 3.02 of the Series 2026CD Loan Agreement.

"Supplement No. 3" means this Supplemental Master Indenture for Obligation No. 3.

Section 2. Addition of MPM Vanowen Street LLC as Member of the Obligated Group. MPM Vanowen Street LLC hereby:

(a) agrees to become a Member;

(b) agrees to be bound by the terms and restrictions imposed by the Master Indenture and the Obligations; and

(c) irrevocably appoints the Obligated Group Representative as its agent and attorney-in-fact and grants to the Obligated Group Representative full power to execute Related Supplements authorizing the issuance of Obligations and to execute and deliver Obligations.

Section 3. Issuance of Obligation No. 3. There is hereby created and authorized to be issued an Obligation in an aggregate principal amount of [_____] dollars ($[_____]). This Obligation shall be dated as of November 1, 2026, shall be designated "Magnolia Public Schools Obligation No. 3" and shall be payable in such amounts, at such times and in such manner and shall have such other terms and provisions as are set forth in the form of Obligation No. 3 as provided in Section 12 hereof.

The aggregate principal amount of Obligation No. 3 is limited to [_____] dollars ($[_____]), except for any Obligation No. 3 authenticated and delivered in lieu of another Obligation No. 3 (as provided in Section 8 hereof), with respect to any Obligation No. 3 mutilated, destroyed, lost or stolen or, subject to the provisions of Section 7 of this Supplement No. 3, upon transfer of registration of Obligation No. 3.

Section 4. Purpose for Which Obligation No. 3 Is Being Issued. Obligation No. 3 is being issued to evidence the Members' obligation to ensure performance of the obligations of the Borrower arising under the Series 2026CD Loan Agreement, including Additional Payments.

Section 5. Payments on Obligation No. 3; Credits.

(a) Principal of and interest and any applicable redemption premium on Obligation No. 3 are payable in any coin or currency of the United States of America which on the payment date is legal tender for the payment of public and private debts. Except as provided in subsection (b) of this Section with respect to credits, and Section 5 hereof regarding prepayment, payments on the principal of and premium, if any, and interest on Obligation No. 3 shall be made at the times and in the amounts specified in Obligation No. 3 by the Members (i) depositing the same with or to the account of the Series 2026CD Bond Trustee at or prior to the opening of business on the day such payments shall become due or payable (or the next succeeding business day if such date is a Saturday, Sunday or bank holiday in the city in which the principal corporate trust office of the Series 2026CD Bond Trustee is located), and (ii) giving notice to the Master Trustee and the Series 2026CD Bond Trustee of each payment of principal, interest or premium on Obligation No. 3, specifying the amount paid and identifying such payment as a payment on Obligation No. 3.

(b) The Members shall receive credit for payment on Obligation No. 3, in addition to any credits resulting from payment or prepayment from other sources, as follows:

(i) On installments of interest on Obligation No. 3 in an amount equal to moneys deposited in the Interest Account created under the Series 2026CD Bond Indenture which amounts are available to pay interest on the Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 3;

(ii) On installments of principal of Obligation No. 3 in an amount equal to moneys deposited in the Principal Account created under the Series 2026CD Bond

Indenture which amounts are available to pay principal of the Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 3;

(iii) On installments of principal and interest, respectively, on Obligation No. 3 in an amount equal to the principal amount of Bonds for the redemption or payment of which sufficient amounts (as determined by Section 10.03 of the Series 2026CD Bond Indenture) in cash or securities are on deposit as provided in Section 10.03 of the Series 2026CD Bond Indenture, to the extent such amounts have not previously been credited against such payments on Obligation No. 3, and the interest on such Bonds from and after the date fixed for payment at maturity or redemption thereof. Such credits shall be made against the installments of principal and interest on Obligation No. 3 which would have been used, but for such call for payment or redemption, to pay principal of and interest on such Bonds when due;

(iv) On installments of principal and interest, respectively, on Obligation No. 3 in an amount equal to the principal amount of Bonds acquired by any Member and surrendered to the Series 2026CD Bond Trustee for cancellation or purchased by the Series 2026CD Bond Trustee and canceled, and the interest on such Bonds from and after the date interest thereon has been paid prior to cancellation. Such credits shall be made against the installments of principal of and interest on Obligation No. 3 which would have been used, but for such cancellation, to pay principal of and interest on such Bonds when due; and

(v) On amounts deposited with the Series 2026CD Bond Trustee to satisfy any other payment obligations under the Series 2026CD Loan Agreement but not transferred by the Series 2026CD Bond Trustee to the Borrower pursuant to Section 5.02 of the Series 2026CD Bond Indenture.

Section 6. Prepayment of Obligation No. 3.

(a) So long as all amounts which have become due under Obligation No. 3 have been paid or credits for such payments have occurred, the Members shall have the right, at any time and from time to time, to pay in advance and in any order of due dates all or part of the amounts to become due under Obligation No. 3. Prepayments may be made by payments of cash or surrender of the Bonds, as contemplated by subsections 5(b)(iii) and (iv) hereof. All such prepayments (and the additional payment of any amount necessary to pay the applicable premium, if any, payable upon the redemption of the Bonds) shall be deposited and applied in the manner and subject to the terms and conditions set forth in the Series 2026CD Bond Indenture. Notwithstanding any such redemption or surrender of the Bonds, as long as any Bonds remain Outstanding (as defined in the Series 2026CD Bond Indenture) or any additional payments required to be made hereunder remain unpaid, the Members shall not be relieved of their obligations hereunder.

(b) Prepayments made under subsection (a) of this Section shall be credited against amounts to become due on Obligation No. 3 as provided in Section 5 hereof.

(c) The Members may also prepay all of their indebtedness under Obligation No. 3 by providing for the payment of Bonds in accordance with Article X of the Series 2026CD Bond Indenture.

Section 7. Registration, Number, Negotiability and Transfer of Obligation No. 3.

(a) Except as provided in subsection (b) of this Section, so long as any Bonds remain Outstanding, Obligation No. 3 shall consist of a single Obligation without coupons, registered as to principal and interest in the name of the Series 2026CD Bond Trustee, and no transfer of Obligation No. 3 shall be permitted or shall be registered under the Master Indenture except for transfers to a successor Series 2026CD Bond Trustee.

(b) Upon the principal of all Obligations then Outstanding being declared immediately due and payable upon and during the continuance of an Event of Default, Obligation No. 3 may be transferred, if and to the extent the Master Trustee requests that the restrictions of subsection (a) of this Section on transfers be terminated.

(c) Obligation No. 3 shall be registered on the register to be maintained by the Master Trustee as registrar for that purpose at the Corporate Trust Office of the Master Trustee and Obligation No. 3 shall be transferable only upon presentation of Obligation No. 3 at said Corporate Trust Office by the Holder or by the Holder's duly authorized attorney. Such transfer shall be without charge to the Holder thereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Obligated Group Representative shall execute and the Master Trustee shall authenticate and deliver in exchange for Obligation No. 3 a new registered Obligation without coupons, registered in the name of the transferee.

(d) Prior to due presentment of Obligation No. 3 for registration of transfer, the Members, the Master Trustee, any paying agent and any registrar with respect to Obligation No. 3 may deem and treat the person in whose name Obligation No. 3 is registered as the absolute owner hereof for all purposes; and neither the Members, any paying agent, the Master Trustee nor any Obligation registrar shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid, and, to the extent of the sum or sums so paid, sufficient to satisfy and discharge the liability for moneys payable on Obligation No. 3.

Section 8. Mutilation, Destruction, Loss and Theft of Obligation No. 3. If (a) Obligation No. 3 is surrendered to the Master Trustee in a mutilated condition, or the Obligated Group Representative and the Master Trustee receive evidence to their satisfaction of the destruction, loss or theft of Obligation No. 3, and (b) there is delivered to the Obligated Group Representative and the Master Trustee such security or indemnity as may be required by them to hold them harmless, then, in the absence of proof satisfactory to the Obligated Group Representative and the Master Trustee that Obligation No. 3 has been acquired by a bona fide purchaser and upon the Holder paying the reasonable expenses of the Obligated Group Representative and the Master Trustee, the Obligated Group Representative shall cause to be executed and the Master Trustee shall authenticate and deliver, in exchange for such mutilated

Obligation No. 3 or in lieu of such destroyed, lost or stolen Obligation No. 3, a new Obligation No. 3 of like principal amount, date and tenor. If any such mutilated, destroyed, lost or stolen Obligation No. 3 has become or is about to become due and payable, Obligation No. 3 may be paid when due instead of delivering a new Obligation No. 3.

Section 9. Execution and Authentication of Obligation No. 3. Obligation No. 3 shall be executed for and on behalf of the Obligated Group Representative by its Authorized Representative and attested by its secretary, an assistant secretary or another Authorized Representative. The signatures of either or both of such officers may be mechanically or photographically reproduced on Obligation No. 3. If any officer whose signature appears on Obligation No. 3 ceases to be such officer before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such officer had remained in office until such delivery. Obligation No. 3 shall be manually authenticated by an authorized signatory of the Master Trustee, without which authentication Obligation No. 3 shall not be entitled to the benefits hereof.

Section 10. Partial Prepayment of Obligation No. 3. Upon the selection and call for prepayment and the surrender of Obligation No. 3 for prepayment in part only, the Obligated Group Representative shall cause to be executed and the Master Trustee shall authenticate and deliver to, upon the written order of, the Holder thereof, at the expense of the Members, a new Obligation No. 3 in principal amount equal to the unredeemed portion of Obligation No. 3, which new Obligation No. 3 shall be a fully registered Obligation without coupons.

The Obligated Group Representative may agree with the Holder of Obligation No. 3 that such Holder may, in lieu of surrendering the Obligation for a new fully registered Obligation without coupons, endorse on the Obligation a notice of such partial prepayment, which notice shall set forth, over the signature of such Holder, the payment date, the principal amount redeemed and the principal amount remaining unpaid. Such partial prepayment shall be valid upon payment of the amount thereof to the registered owner of Obligation No. 3 and the Members and the Master Trustee shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon the reverse of Obligation No. 3 by the Holder thereof and irrespective of any error or omission in such endorsement.

Section 11. Effect of Prepayment. On the date cash or securities (as and to the extent permitted by the Series 2026CD Bond Indenture), or both, are deposited with the Series 2026CD Bond Trustee (for a corresponding amount of Bonds with respect to the Bonds to be redeemed on the date fixed for redemption all as provided in the Series 2026CD Bond Indenture), Obligation No. 3 shall be deemed paid (in an amount corresponding to the Bonds to be redeemed on the date fixed for redemption) and such corresponding amount of Obligation No. 3 shall be deemed not to be outstanding, as defined in the Master Indenture, and shall no longer be entitled to the benefits of the Master Indenture.

Section 12. Form of Obligation No. 3. Obligation No. 3 shall be in substantially the form attached hereto as Exhibit A, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Master Indenture and are approved by those officers executing such Obligation on behalf of the Borrower and execution thereof by such officers shall constitute conclusive evidence of such approval.

Section 13. Event of Default. The Borrower and the Master Trustee hereby covenant to exercise any and all remedies available under the Series 2026CD Loan Agreement upon an Event of Default provided that the Master Trustee shall only exercise remedies under the Mortgages described in clause (1) of the definition thereof, set forth in the Master Indenture for the benefit of Obligation No. 3.

Section 14. Ratification of Master Indenture. As supplemented hereby, the Master Indenture is in all respects ratified and confirmed and the Master Indenture as so supplemented hereby shall be read, taken and construed as one and the same instrument.

Section 15. Severability. If any provision of this Supplement No. 3 shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case and any jurisdiction or jurisdictions or in all jurisdictions, or in all cases, because it conflicts with any other provision or provisions hereof or any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses, sections or subsections contained in this Supplement No. 3 shall not affect the remaining portions of this Supplement No. 3 or any part thereof.

Section 16. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

Section 17. Miscellaneous.

(a) No covenant or agreement contained in Obligation No. 3 or the Master Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any Member or of the Master Trustee in an individual capacity, and no incorporator, member, officer or member of the governing board of any Member shall be liable personally on Obligation No. 3 or be subject to any personal liability or accountability by reason of the issuance of Obligation No. 3.

(b) The Master Trustee hereby acknowledges and agrees that the Series 2026CD Loan Agreement provides for payment directly to the Series 2026CD Bond Trustee for deposit in the Gross Revenue Fund established in Section 3.14 of the Master Indenture, if required, and that only upon transfer of such funds by the Master Trustee to the Series 2026CD Bond Trustee

for deposit in the Revenue Fund established in the Series 2026CD Bond Indenture shall such deposits constitute credits for purposes of Section 5 hereof.

(c) The Master Trustee hereby further acknowledges that the Members may approve amendments to the Series 2026CD Loan Agreement subject to the limitations of Section 3.06 of the Master Indenture.

(d) The Borrower shall file with the Master Trustee, no later than July 1 of each year, commencing July 1, 2031, a Certificate stating that the Borrower has complied with Section 3.03 of the Master Indenture. The Master Trustee is entitled to rely on such Certificate as to the Borrower's compliance with said Section 3.03, and the Master Trustee shall have no further duty to confirm the accuracy thereof.

Section 18. Counterparts. This Supplement No. 3 may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 19. Transaction by Electronic Means. Each of the parties hereto agrees that the transaction consisting of this agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this agreement using an electronic signature, it is signing, adopting, and accepting this agreement and that signing this agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this agreement in a usable format.

Section 20. Governing Law. This Supplement No. 3 shall be construed in accordance with and governed by the laws of the State of California.

IN WITNESS WHEREOF, the Borrower, as Obligated Group Representative, has caused these presents to be signed in its name and on its behalf by an Authorized Representative and, to evidence its acceptance of the trusts hereby created, the Master Trustee has caused these presents to be signed in its name and on its behalf by a Responsible Officer, all as of the day and year first above written.

MAGNOLIA PROPERTIES MANAGEMENT, INC.,
a California nonprofit public benefit corporation

By: _____
Alfredo Rubalcava
Chief Executive Officer

[Signature page of Supplemental Master Indenture]

MPM 16600 VANOWEN STREET LLC, a California limited liability company

By: _____
Authorized Signatory

[Signature page of Supplemental Master Indenture]

UMB BANK, NATIONAL ASSOCIATION,
as Master Trustee

By: _____
Responsible Officer

[Signature page of Supplemental Master Indenture]

EXHIBIT A

FORM OF OBLIGATION NO. 3

Form of Obligation No. 3

MAGNOLIA PROPERTIES MANAGEMENT, INC.,
as Obligated Group Representative

Obligation No. 3

$[_____]

KNOW ALL BY THESE PRESENTS that MAGNOLIA PROPERTIES MANAGEMENT, INC. (the "Borrower"), a nonprofit corporation organized and existing under the laws of the State of California, as Obligated Group Representative under the Master Indenture (as defined below), for value received hereby acknowledges itself and each Member of the Obligated Group (as such terms are defined in the Master Indenture) obligated to, and promises to pay to UMB Bank, National Association, as trustee (the "Series 2026CD Bond Trustee") under the Series 2026CD Bond Indenture dated as of November 1, 2026 (the "Series 2026CD Bond Indenture"), between the Series 2026CD Bond Trustee and the California School Finance Authority (the "Authority"), and any successor trustee under the Series 2026CD Bond Indenture, or registered assigns, the principal sum of [_____] dollars ($[_____]), and to pay interest on the unpaid balance of said sum from the date hereof on the dates and in the manner hereinafter described.

This Obligation No. 3 is a single Obligation limited to [_____] dollars ($[_____]) in principal amount (except as provided in the Master Indenture), designated as "Magnolia Public Schools Obligation No. 3" ("Obligation No. 3" and, together with all other obligations issued under the Master Indenture hereinafter identified, "Obligations"), issued under and pursuant to the Supplemental Master Indenture for Obligation No. 3, dated as of November 1, 2026 (the "Supplemental Indenture"), supplementing the Master Indenture of Trust, dated as of April 1, 2025 and as may be further restated, supplemented or amended, between the Borrower, the Initial Members (as defined therein) and UMB Bank, National Association, as trustee (the "Master Trustee"). The Master Indenture of Trust, as supplemented and amended in accordance with its terms, is hereinafter called the "Master Indenture."

Principal hereof, interest hereon and any applicable redemption premium, are payable in any coin or currency of the United States of America which on the payment date is legal tender for the payment of public and private debts semiannually on [June] 25th and [December] 25th in an amount equal to the amount necessary for the Series 2026CD Bond Trustee to make the transfers and deposits required pursuant to Section 5.02 of the Series 2026CD Bond Indenture.

The Members shall receive credit for payment on Obligation No. 3, in addition to any credits resulting from payment or prepayment from other sources, as follows: (i) on installments of interest of Obligation No. 3 in an amount equal to moneys deposited in the Interest

Account created under the Series 2026CD Bond Indenture which amounts are available to pay interest on the Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 3; (ii) on installments of principal of Obligation No. 3 in an amount equal to moneys deposited in the Principal Account created under the Series 2026CD Bond Indenture which amounts are available to pay principal on the Bonds and to the extent such amounts have not previously been credited against payments on Obligation No. 3; (iii) on installments of principal and interest, respectively, on Obligation No. 3 in an amount equal to the principal amount of Bonds for the redemption or payment of which sufficient amounts (as determined by Section 10.03 of the Series 2026CD Bond Indenture) in cash or securities are on deposit as provided in Section 10.03 of the Series 2026CD Bond Indenture, to the extent such amounts have not previously been credited against such payments on Obligation No. 3, and the interest on such Bonds from and after the date fixed for payment at maturity or redemption thereof. Such credits shall be made against the installments of principal and interest on Obligation No. 3 which would have been used, but for such call for payment or redemption, to pay principal of and interest on such Bonds when due; (iv) on installments of principal and interest, respectively, on Obligation No. 3 in an amount equal to the principal amount of Bonds acquired by any Member and surrendered to the Series 2026CD Bond Trustee for cancellation or purchased by the Series 2026CD Bond Trustee and canceled, and the interest on such Bonds from and after the date interest thereon has been paid prior to cancellation. Such credits shall be made against the installments of principal of and interest on Obligation No. 3 which would have been used, but for such cancellation, to pay principal of and interest on such Bonds when due; and (v) on amounts deposited with the Series 2026CD Bond Trustee to satisfy any other payment obligations under the Series 2026CD Loan Agreement.

The Borrower, as Obligated Group Representative, further acknowledges itself and the other Members obligated to, and promises to pay to the Authority, all amounts required to be paid by the Borrower to the Series 2026CD Bond Trustee for deposit in the Bond Reserve Account established under the Series 2026CD Bond Indenture. The Members shall receive credit for payment pursuant to this paragraph in an amount equal to moneys deposited with the Series 2026CD Bond Trustee pursuant to the Series 2026CD Bond Indenture.

Upon payment by the Members of a sum, in cash or securities (as specified in Article X of the Series 2026CD Bond Indenture), or both, sufficient, together with any other cash and securities permitted by the Series 2026CD Bond Indenture to be held by the Trustee and available for such purpose, to cause all outstanding Bonds to be deemed to have been paid within the meaning of Article X of the Series 2026CD Bond Indenture and to pay all other amounts referred to in Article X of the Series 2026CD Bond Indenture, accrued and to be accrued to the date of discharge of the Series 2026CD Bond Indenture, Obligation No. 3 shall be deemed to have been paid and to be no longer outstanding under the Master Indenture.

Copies of the Master Indenture and the Supplemental Indenture are on file at the corporate trust office of the Master Trustee, in St. Louis, Missouri and reference is hereby made to the Master Indenture for the provisions, among others, with respect to the nature and extent of the rights of the holders of Obligations issued under the Master Indenture, the terms and conditions on which, and the purposes for which Obligations are to be issued and the rights, duties and obligations of the Members and the Master Trustee under the Master Indenture, to all of which the holder hereof, by acceptance of this Obligation No. 3, assents.

The Master Indenture permits the issuance of additional Obligations under the Master Indenture to be secured by the provisions of the Master Indenture, all of which, regardless of the times of issue or maturity, are to be of equal rank without preference, priority or distinction of any Obligations issued under the Master Indenture over any other such Obligations except as expressly provided or permitted in the Master Indenture.

To the extent permitted by and as provided in the Master Indenture, modifications or changes to the Master Indenture, of any indenture supplemental thereto, and of the rights and obligations of the Members and of the holders of Obligations in any particular may be made by the execution and delivery of an indenture or indentures supplemental to the Master Indenture or any supplemental indenture. Certain modifications or changes that would affect the rights of the holder of this Obligation No. 3 may be made only with the consent of the holders of not less than a majority in aggregate principal amount of Obligations then outstanding under the Master Indenture. No modification or change shall be made which will (i) extend the stated maturity of or time for paying interest on any Obligation or reduce the principal amount of or the redemption premium or rate of interest payable on any Obligation without the consent of the holder of such Obligation; (ii) modify, alter, amend, add to or rescind any of the terms or provisions contained in Article IV of the Master Indenture in any manner which would materially and adversely affect the interests of holders of any Obligations in default as to payment to compel the Master Trustee to declare the principal of all Obligations to be due and payable, without the consent of the holders of all Obligations then outstanding; or (iii) reduce the aggregate principal amount of Obligations then outstanding the consent of the holders of which is required to authorize such modifications or changes without the consent of the holders of all Obligations then outstanding. Any such consent by the holder of this Obligation No. 3 shall be conclusive and binding upon such holder and all future holders and owners hereof irrespective of whether or not any notation of such consent is made upon this Obligation No. 3, unless such consent is revoked as provided in the Master Indenture.

Upon the occurrence of certain "Events of Default" (as defined in the Master Indenture), the principal of all Obligations then outstanding may be declared, and thereupon shall become, due and payable as provided in the Master Indenture.

The Holder of this Obligation No. 3 shall have no right to enforce the provisions of the Master Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect to any default under the Master Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Indenture.

Obligation No. 3 is issuable only as a registered Obligation without coupons.

Unless the principal of all Obligations then outstanding has been declared immediately due and payable, no transfer of this Obligation No. 3 shall be permitted except for transfers to a successor trustee under the Series 2026CD Bond Indenture. This Obligation No. 3 shall be registered on the register to be maintained by the Master Trustee as registrar for the Members for that purpose at the principal corporate trust office of the Master Trustee and this Obligation No. 3 shall be transferable only upon presentation of this Obligation No. 3 at said office

by the Holder or by the Holder's duly authorized attorney and subject to the limitations, if any, set forth in the Supplemental Indenture. Such transfer shall be without charge to the Holder hereof, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder requesting such transfer as a condition precedent to the exercise of such privilege. Upon any such transfer, the Borrower, as Obligated Group Representative, shall execute and the Master Trustee shall authenticate and deliver in exchange for this Obligation No. 3 a new registered Obligation without coupons, registered in the name of the transferee.

Prior to due presentment hereof for registration of transfer, the Members, the Master Trustee, any paying agent and any registrar with respect to this Obligation No. 3 may deem and treat the Person in whose name this Obligation No. 3 is registered as the absolute owner hereof for all purposes; and neither the Members, any paying agent, the Master Trustee nor any Obligation registrar shall be affected by any notice to the contrary. All payments made to the registered owner hereof shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable on this Obligation No. 3.

No covenant or agreement contained in this Obligation No. 3 or the Master Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of any Member or of the Master Trustee in his individual capacity, and no incorporator, member, officer or member of the Governing Body of any Member shall be liable personally on this Obligation No. 3 or be subject to any personal liability or accountability by reason of the issuance of this Obligation No. 3.

This Obligation No. 3 shall not be entitled to any benefit under the Master Indenture, or be valid or become obligatory for any purpose, until this Obligation No. 3 shall have been manually authenticated by the execution by an authorized officer of the Master Trustee, or its successor as Master Trustee, of the Certificate of Authentication inscribed hereon.

IN WITNESS WHEREOF, the Borrower, as Obligated Group Representative, has caused this Obligation No. 3 to be executed in its name and on its behalf by the signature of an Authorized Representative on November [__], 2026.

MAGNOLIA PROPERTIES MANAGEMENT, INC.,
a California nonprofit public benefit corporation, as Obligated Group Representative

By: _____
Name:
Title:

MASTER TRUSTEE'S AUTHENTICATION CERTIFICATE

The undersigned Master Trustee hereby certifies that this Obligation No. 3 is one of the Obligations described in the within-mentioned Master Indenture.

Dated: November [__], 2026

UMB BANK, NATIONAL ASSOCIATION,
as Master Trustee

By _____
Responsible Officer

OHS DRAFT 09/30/2026

INDENTURE

between

CALIFORNIA SCHOOL FINANCE AUTHORITY

and

UMB BANK, NATIONAL ASSOCIATION

Dated as of November 1, 2026

Relating to:

CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(MAGNOLIA PUBLIC SCHOOLS – OBLIGATED GROUP)
SERIES 2026C

and

CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(MAGNOLIA PUBLIC SCHOOLS – OBLIGATED GROUP)
SERIES 2026D (TAXABLE)

4145-3027-9533.6

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THIS INDENTURE, made and entered into as of November 1, 2026, by and between the **CALIFORNIA SCHOOL FINANCE AUTHORITY**, a public instrumentality of the State of California (as hereinafter in Section 1.01 further defined, the "Authority"), and **UMB BANK, NATIONAL ASSOCIATION**, a national banking association, being qualified to accept and administer the trusts hereby created (as hereinafter in Section 1.01 further defined, the "Bond Trustee").

W I T N E S S E T H:

WHEREAS, the Authority is a public instrumentality of the State of California, created by the California School Finance Authority Act (constituting Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State of California) (as hereinafter in Section 1.01 further defined, the "Act") and is authorized to issue bonds and loan the proceeds thereof for purposes of financing the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of educational facilities (as defined in the Act) to a participating party (as defined in the Act), including an entity that undertakes the financing or refinancing of a project (as defined in the Act) pursuant to the Act in conjunction with schools ("charter schools") established pursuant to the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the Education Code) (the "Charter School Law");

WHEREAS, Magnolia Properties Management, Inc. (the "Borrower"), a California nonprofit public benefit corporation and an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), has applied for a loan of proceeds of revenue bonds of the Authority to finance and refinance the Project (as defined herein) at the Facility (as defined herein);

WHEREAS, the Project consists of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of the charter school educational facilities known as (i) Magnolia Science Academy 2 located at 16600 Vanowen Street, Los Angeles, California 91406 (the "Magnolia 2 Campus"), the property of which is owned by MPM 16600 Vanowen Street LLC ("MPM Vanowen") and (ii) Magnolia Science Academy 1 and Magnolia Science Academy 7, each located at 18120 Sherman Way, Los Angeles, California 91335 (the "Magnolia 1/7 Campus"), the property of which is owned by MPM 18120 Sherman Way LLC ("MPM Sherman" and together with MPM Vanowen, the "Facility"), in each case for use and occupancy by a public charter school (individually, a "School," and collectively, the "Schools");

WHEREAS, MPM Vanowen will enter into a lease, dated as of November 1, 2026 (the "Magnolia 2 Campus Lease") with MERF, to finance and/or refinance the Project relating to the Magnolia 2 Campus, during the term of which, the Magnolia 2 Campus will be used, occupied and operated in conjunction with Magnolia Science Academy 2;

WHEREAS, MPM Sherman will enter into a lease, dated as of November 1, 2026 (the "Magnolia 1/7 Campus Lease") with MERF, to finance and/or refinance the Project relating to the Magnolia 1/7 Campus, during the term of which, the Magnolia 1/7 Campus will be used,

occupied and operated in conjunction with Magnolia Science Academy 1 and Magnolia Science Academy 7;

WHEREAS, the Authority has entered into a loan agreement with the Borrower (the "Loan Agreement"), of even date herewith, specifying the terms and conditions of a loan by the Authority to the Borrower to finance and/or refinance the Project;

WHEREAS, the Authority has authorized the issuance of its California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group), Series 2026C and its California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group), Series 2026D (Taxable) (collectively, the "Bonds") in the aggregate principal amounts specified in Section 2.01 of this Indenture to fund the loan to the Borrower under the Loan Agreement to (i) finance and/or refinance the Project, (ii) pay certain expenses incurred in connection with the issuance of the Bonds, and (iii) fund a debt service reserve fund with respect to the Bonds;

WHEREAS, in order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof, redemption price, if any, and the interest thereon, the Authority has authorized the execution and delivery of this Indenture;

WHEREAS, the Bonds, the certificate of authentication and registration to be executed thereon and the form of assignment to appear thereon are to be in substantially the form set forth in Exhibit A hereto and made a part hereof with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture; and

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make the Bonds, when executed by the Authority, authenticated and delivered by the Bond Trustee and duly issued, the valid, binding, and legal limited obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order further to secure the payment of the principal of, redemption price, if any, and interest on, all Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Holders thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Bond Trustee, for the equal and proportionate benefit of the Holders from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of any indenture supplemental hereto, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

*"**Accredited Investor**"* means an accredited investor as defined in Regulation D of the Securities Act of 1933.

*"**Act**"* means the California School Finance Authority Act, constituting Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State, as now in effect and as it may from time to time hereafter be amended or supplemented.

*"**Additional Payments**"* shall have the meaning given such term in Section 3.02(d) of the Loan Agreement.

*"**Administrative Fees and Expenses**"* means any application, commitment, financing or similar fee charged, or reimbursement for administrative or other expenses incurred, by the Authority or the Bond Trustee in connection with the Bonds, including Additional Payments.

*"**Authority**"* means the California School Finance Authority, a public instrumentality of the State established by the Act.

*"**Authorized Borrower Representative**"* means the Chief Financial Officer of the Borrower, President of the Borrower, or such other person as may be designated by any of such officials to sign for the Borrower, by written certificate furnished to the Authority and the Bond Trustee, as a person authorized to act on behalf of the Borrower. Such certificate shall contain the specimen signature of such person, shall be signed on behalf of the Borrower by any officer of the Borrower and may designate an alternate or alternates.

*"**Authorized Denominations**"* means $25,000 and any integral multiple of $5,000 in excess thereof, subject to Section 2.03 hereof.

*"**Authorized Signatory**"* means any member of the Authority and any other person as may be designated and authorized to sign on behalf of the Authority pursuant to a resolution adopted thereby.

*"**Beneficial Owner**"* means, (i) when used with reference to the book entry only system, the person who is considered the beneficial owner of the Bonds and, with respect to the Bonds pursuant to the arrangements for book entry determination of ownership applicable to the Depository and, (ii) for purposes of Section 6.08 hereof, any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds and, with respect to the Bonds (including persons holding such through nominees, depositories or other

intermediaries) or (b) is treated as the owner of any Bonds and, with respect to the Bonds for federal income tax purposes.

*"**Bondholder**"* or *"**Holder**"* means, with respect to any Bond, the person in whose name such Bond is registered.

*"**Bond Purchase Agreement**"* means the Bond Purchase Agreement, dated [_____ __], 2026, by and among the Underwriter, the Authority, the Borrower, the Treasurer of the State, as agent for sale, and approved by MERF.

"***Bond Reserve Subaccount***" means the Bond Reserve Subaccount of the Reserve Account established by the Bond Trustee pursuant to Section 5.06 hereof.

*"**Bonds**"* means the Tax-Exempt Bonds and the Taxable Bonds.

*"**Bond Trustee**"* means UMB Bank, National Association, as trustee hereunder, or the successor as Bond Trustee hereunder as provided in Section 8.01 or 8.02 of this Indenture.

*"**Bond Year**"* has the meaning given such term in the Tax Certificate.

"***Book Value***" means, when used in connection with Property of a Person, the value of such Property, net of accumulated depreciation, as it is carried on the books of such Person and in conformity with generally accepted accounting principles.

*"**Borrower**,"* means Magnolia Properties Management, Inc., a California nonprofit public benefit corporation, and its successors and assigns.

*"**Borrower Documents**"* means the Supplemental MTI for Obligation No. 3, the Loan Agreement, the Bond Purchase Agreement, the Leases, the Tax Certificate, and the Continuing Disclosure Agreement.

*"**Borrower Resolution**"* means the resolution or other authorizing action adopted by the Borrower authorizing the Loan and execution and delivery of the Borrower Documents.

*"**Business Day**"* means any day other than a Saturday, a Sunday or a day on which banking institutions or trust companies in St. Louis, Missouri, New York, New York, Los Angeles, California, or the city in which the Principal Corporate Trust Office is located are authorized or obligated by law, regulation or executive order to be closed.

*"**Certificate of the Authority,**" "**Consent of the Authority,**" "**Order of the Authority,**" "**Request of the Authority**"* or *"**Requisition of the Authority**"* mean, respectively, a written certificate, consent, order, request or requisition of the Authority signed by or on behalf of the Authority by an Authorized Signatory authorized by the Authority to execute such a document on its behalf.

*"**Certificate of the Borrower,**" "**Consent of the Borrower,**" "**Request of the Borrower,**" "**Requisition of the Borrower**"* or *"**Statement of the Borrower**"* mean, respectively,

a written certificate, request, requisition or statement of the Borrower executed on its behalf by an Authorized Borrower Representative.

*"**Charter School Law**"* means the Charter Schools Act of 1992, constituting Part 26.8, commencing with Section 47600 of Division 4 of Title 2 of the Education Code of the State, as now in effect and as it may from time to time hereafter be amended or supplemented.

"***Closing Date***" shall mean November [__], 2026, the date of original issuance and delivery of the Bonds.

*"**Code**"* means the Internal Revenue Code of 1986, or any successor code or law, and any regulations in effect or promulgated thereunder.

*"**Continuing Disclosure Agreement**"* means the Continuing Disclosure Agreement, dated as of November 1, 2026, among the Borrower, MERF, and the Dissemination Agent, as dissemination agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

*"**Completion Certificate**"* means a certificate of the Borrower delivered to the Bond Trustee upon completion of the Project, stating that the Project has been completed and that all costs of the Project then due and payable have been paid or provided for.

*"**Controller**"* means the Controller of the State or any other official of the State charged with the disbursement of State funds to State public schools.

*"**Costs of Issuance**"* means all items of expense directly or indirectly payable by or reimbursable to the Authority or the Borrower and related to the original authorization, execution, sale and delivery of the Bonds, including but not limited to costs of preparation and reproduction of documents, fees and expenses of the Authority, the State Treasurer's Office, the Bond Trustee, the Master Trustee, legal fees and charges of bond counsel, special counsel, disclosure counsel and Master Trustee's and Bond Trustee's counsel, underwriters' fees and expenses, rating agency fees and any other costs, charges or fees in connection with the original delivery of the Bonds.

*"**Costs of Issuance Fund**"* means the fund by that name established pursuant to Section 5.09 hereof.

*"**Debt Service**"* means, for any period of time, the sum of (a) the interest payable during such period on all Outstanding Bonds, (b) that portion of the principal amount of all Outstanding Bonds maturing on each principal payment date during such period, and (c) that portion of the principal amount of all Outstanding Bonds which are Term Bonds required to be redeemed or paid from Sinking Fund Installments during such period (together with the redemption premiums, if any, thereon).

*"**Depository**"* means The Depository Trust Company and its successors and assigns, or any other depository selected as set forth in Section 2.10 hereof which agrees to follow the procedures required to be followed by such depository in connection with the Bonds.

*"**Dissemination Agent**"* means Digital Assurance Certification, LLC.

*"**Education Code**"* means the Education Code of the State of California.

*"**Electronic Notice**"* means notice through telecopy, telegraph, telex, facsimile, transmission, internet, e-mail or other electronic means of communication, capable of making a written record.

*"**Eligible Securities**"* means any of the following obligations as and to the extent that such obligations are at the time legal investments under the Act for moneys held hereunder and then proposed to be invested therein (provided that the Bond Trustee shall be entitled to rely upon any Request of the Borrower as conclusive certification to the Bond Trustee that the investments described therein are so authorized under the laws of the State of California) and shall be the sole investments in which amounts on deposit in any fund or account created hereunder or under the Loan Agreement shall be invested:

(1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America or any Federal Reserve Bank and CATS and TIGRS) or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America;

(2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided that such obligations are backed by the full faith and credit of the United States of America (stripped securities shall constitute Eligible Securities only if they have been stripped by the agency itself); U.S. Export-Import Bank, Farmers Home Administration, Federal Financing Bank, General Services Administration, U.S. Maritime Administration, U.S. Department of Housing and Urban Development, Government National Mortgage Association, Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, and Federal Housing Administration;

(3) Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities shall constitute Eligible Securities only if they have been stripped by the agency itself): Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA"), Student Loan Marketing Association, Resolution Funding Corporation or Farm Credit System;

(4) Bonds or notes issued by any state or municipality which are rated by S&P, Fitch and Moody's in one of the three highest rating categories assigned by such agencies;

(5) repurchase agreements with either a primary dealer on the reporting dealer list of the Federal Reserve or any bank, which, in either case, is rated "A" or better by S&P and Moody's, provided that (a) the term of such repurchase agreement is not greater than thirty days, (b) the Bond Trustee or third party acting solely as agent for the Bond Trustee has possession of the collateral, (c) the collateral is valued weekly and the market value of the collateral is maintained at an amount equal to at least 104% (or, if the collateral consists

of obligations of FHLMC or FNMA, 105%) of the amount of cash transferred by the Bond Trustee to the dealer bank or securities firm under the repurchase agreement plus interest, (d) failure to maintain the requisite collateral levels will require the Bond Trustee to liquidate the collateral immediately, (e) the repurchase securities are either obligations of, or fully guaranteed as to principal and interest by, the United States or any federal agency backed by the full faith and credit of the United States; (f) the repurchase securities are free and clear of any third-party lien or claim; and (g) there shall have been delivered to the Bond Trustee, the Authority and the Borrower an Opinion of Counsel to the effect that such repurchase agreement meets all guidelines under State law for legal investment of public funds;

(6) repurchase agreements with respect to and secured by obligations described in clause (1), (2), or (3) above, which agreements may be entered into with a bank (including the Bond Trustee or its affiliates), a trust company, financial services firm or a broker dealer which is a member of the Securities Investors Protection Corporation, provided that (a) the Bond Trustee or a custodial agent of the Bond Trustee has possession of the collateral and that the collateral is free and clear of third-party claims, (b) a master repurchase agreement or specific written repurchase agreement governs the transaction, (c) the collateral securities are valued no less frequently than monthly, (d) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 103%, and (e) such obligations must be held in the custody of the Bond Trustee or the Bond Trustee's agent;

(7) investment agreements, including guaranteed investment contracts ("GICs") with providers in one of the two highest rating categories of Moody's and S&P;

(8) investments in a money market fund, including funds of the Bond Trustee or its affiliates, rated (at the time of purchase) in the highest rating category for this type of investment by any Rating Agency;

(9) shares in any investment company, money market mutual fund, fixed income mutual fund, Exchange Traded Fund, or collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, and whose investments consist solely of Eligible Securities as defined in paragraphs (1) through (7) above, including money market mutual funds from which the Bond Trustee or its affiliates derive a fee for investment advisory or other services to the fund;

(10) certificates of deposit secured at all times by collateral described in (1) and/or (2) above, issued by commercial banks, savings and loan associations or mutual savings banks relating to collateral held by a third party, and in which collateral the Bond Trustee on behalf of the Bondholders has a perfected first security interest;

(11) certificates of deposit, savings accounts, deposit accounts or money market deposits that are fully insured by FDIC, including BIF and SAIF;

(12) commercial paper rated, at the time of purchase, in one of the two highest short-term rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);

(13) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A-3" or better by Moody's and "A-1" or "A" or better by S&P;

(14) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State as it may be amended;

(15) bonds, notes, debentures, or other evidences of indebtedness issued or guaranteed by a corporation which are, at the time of purchase, rated by any Rating Agency in any of the three highest categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);

(16) asset-backed securities, commercial mortgage-backed securities, or mortgage-backed securities which are, at the time of purchase, rated by any Rating Agency in any of the two highest rating categories (without regard to any refinement or gradation or rating category by numerical modifier or otherwise);

(17) the State of California's Pooled Money Investment Account;

(18) the State of California's Local Agency Investment Fund; and

(19) obligations of a bank or other financial institution rated at least "Aa3" by Moody's or "AA-" by S&P.

*"**Environmental Regulations**"* means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances or chemical waste, materials or substances.

*"**Event of Default**"* means any of the events specified in Section 7.01 of this Indenture.

*"**Facility**"* means, collectively, the Magnolia 2 Campus and the Magnolia 1/7 Campus, together with the improvements thereon, and "Facility" means, individually, any of the foregoing.

*"**Facilities Consultant Report**"* means an examination of and report on the physical condition of the Facility conducted by an Independent Facilities Consultant, which report shall make recommendations relating to the maintenance and remediation of the Facility.

*"**Fiscal Year**"* means, with respect to the Borrower, the twelve-month period beginning July 1 and ending on June 30, or such other twelve month period as may be designated in a written Statement of the Borrower delivered to the Authority and the Bond Trustee.

*"**Fitch**"* means Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Authority.

*"**Government Obligations**"* means noncallable and nonprepayable direct obligations of the United States of America or obligations which as to full and timely payment of principal and interest constitute full faith and credit obligations of the United States of America (excluding therefrom unit investment trusts and money market funds comprised of such securities).

*"**Grant-Funded Reserve Eligible Securities**"* means:

(1) obligations issued or guaranteed by the United States Government;

(2) obligations of agencies or instrumentalities of the United States, including government-sponsored enterprises;

(3) obligations issued by or guaranteed by any state, provided such obligations are rated in the two highest rating categories of Moody's Investors Service, Standard and Poor's Corporation or Fitch Ratings;

(4) commercial paper, repurchase agreements, guaranteed investment contracts or other similar instruments issued by corporations that are organized and operating within the United States having assets in excess of $500 million and having a short-term rating in the highest rating category of Moody's Investors Service, Standard and Poor's Corporation or Fitch Ratings, and a long-term rating in one of the two highest rating categories;

(5) money market funds that invest solely in United States Government securities or obligations of agencies or instrumentalities of the United States, including such funds for which the Bond Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Bond Trustee or an affiliate of the Bond Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Bond Trustee or an affiliate of the Bond Trustee receives fees from funds for services rendered, (ii) the Bond Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Bond Trustee or an affiliate of the Bond Trustee;

(6) money market fund deposits or certificates of deposit made in federally insured, regulated credit unions or banks, to the extent fully insured or collateralized with investments under categories (1) through (5), including such funds for which the Bond Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Bond Trustee or an affiliate of the Bond Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or sub-custodian,

notwithstanding that (i) the Bond Trustee or an affiliate of the Bond Trustee receives fees from funds for services rendered, (ii) the Bond Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Bond Trustee or an affiliate of the Bond Trustee; and

(7) such other investment securities as the Secretary may determine are prudent investments that comply with applicable law and regulations.

*"**Grant-Funded Reserve Subaccount**"* means the Grant-Funded Reserve Subaccount of the Reserve Account established by the Bond Trustee pursuant to Section 5.06 hereof.

*"**Gross Revenues**"* has the meaning prescribed to it in the Master Indenture of Trust.

"***Hazardous Substances***" means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes, materials or pollutants which (i) pose a hazard to the Project or to persons on or about the Project or (ii) cause the Project to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of "waste," "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "restricted hazardous waste," or "toxic substances" or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Hazardous Waste Control Law ("HWCL"), Cal. Health & Safety Code §§ 25100 et seq.; the Hazardous Substance Account Act ("HSAA"), Cal. Health & Safety Code §§ 78000 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety Code §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the "Porter-Cologne Act"), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of the Project or the owners and/or occupants of property adjacent to or surrounding the Project, or any other person coming upon the Project or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

"***Indenture***" means this indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture entered into pursuant to the provisions hereof.

"Independent Facilities Consultant" means a firm (but not an individual) that (1) does not have any direct financial interest or any material indirect financial interest in the Borrower, MERF, or any Affiliate and (2) is not connected with the Borrower, MERF, or any Affiliate as an officer, employee, promoter, trustee, partner, director or Person performing similar functions, and designated by the Borrower, qualified to pass upon questions relating to the financial affairs of facilities of the type or types operated by the Borrower and having a favorable reputation for skill and experience in the financial affairs of such facilities.

*"**Insurance and Condemnation Proceeds Fund**"* means the fund by that name established pursuant to the Master Indenture of Trust.

"***Intercept***" means the apportionment from the State Controller, pursuant to Section 17199.4 of the Education Code (or any successor provision) and the Intercept Notice, of amounts specified in the Intercept Notice and payable directly to the Bond Trustee.

"***Intercept Notice***" means any notice from any School to the State Controller, pursuant to Section 17199.4 of the Education Code (or any successor provision), specifying a transfer schedule for the payment directly to the Bond Trustee of one or more of the following: (x) principal of the Bonds, (y) interest on the Bonds and (z) other costs necessary or incidental to financing pursuant to the Act relating to the Bonds, including Additional Payments, in substantially the form set forth in the Leases, as the same may be amended, supplemented or restated from time to time.

*"**Interest Account**"* means the account by that name in the Revenue Fund established pursuant to Section 5.02.

*"**Interest Payment Date**"* means each January 1 and July 1, commencing July 1, 2027.

*"**Irrevocable Deposit**"* means the irrevocable deposit in trust, with any trustee or escrow agent authorized to act in such capacity, of cash in an amount (or Government Obligations the principal of and interest on which will be in an amount), and under terms sufficient to pay all or a portion of the principal of and/or premium, if any, and interest on, as the same shall become due, of any indebtedness of the Borrower which would otherwise be considered Outstanding.

"***Lease**"* individually, and "***Leases***" together, means the Magnolia 1/7 Campus Lease and the Magnolia 2 Campus Lease.

*"**Lien**"* means any mortgage or pledge of, security interest in or lien or encumbrance on the Facility or the Gross Revenues.

*"**Loan**"* means the loan of Bond proceeds from the Authority to the Borrower pursuant to the Loan Agreement.

*"**Loan Agreement**"* means that certain loan agreement, dated as of November 1, 2026, between the Authority and the Borrower, as originally executed or as it may from time to time be supplemented, modified or amended subject to and in accordance with the terms thereof and of Section 6.06(b) of this Indenture.

*"**Loan Repayments**"* has the meaning given such term in Section 3.02(b) of the Loan Agreement.

*"**Mandatory Sinking Account Payment**"* means the amount so designated which is established pursuant to Section 5.04 of this Indenture with respect to the Bonds.

*"**Magnolia 2 Campus**"* means the charter school educational facilities known as Magnolia Science Academy 2, located at 16600 Vanowen Street, Los Angeles, California 91406, together with the real property on which such facilities are located and the improvements thereon.

*"**Magnolia 2 Campus Lease**"* has the meaning set forth in the Recitals.

*"**Magnolia 1/7 Campus**"* means the charter school educational facilities known as Magnolia Science Academy 1 and Magnolia Science Academy 7, located at 18120 Sherman Way, Los Angeles, California 91335, together with the real property on which such facilities are located and the improvements thereon.

*"**Magnolia 1/7 Campus Lease**"* has the meaning set forth in the Recitals.

*"**Master Indenture of Trust**"* means that certain Master Indenture of Trust, dated as of April 1, 2025, among the Obligated Group Representative, the Members of the Obligated Group and the Master Trustee named therein, as originally executed and as the same may be amended and supplemented from time to time in accordance with its terms.

*"**Master Trustee**"* means UMB Bank, National Association, identified in the Master Indenture of Trust.

*"**Members of the Obligated Group**"* means, as applicable, each "Member" as identified in the Master Indenture of Trust.

*"**MERF**"* means Magnolia Educational & Research Foundation, a California nonprofit public benefit corporation, and its successor and assigns.

*"**Moody's**"* means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower.

*"**MPM Sherman**"* has the meaning set forth in the Recitals.

*"**MPM Carl Karcher**"* has the meaning set forth in the Recitals.

*"**MPM Vanowen**"* has the meaning set forth in the Recitals.

*"**Obligated Group Representative**"* means Magnolia Properties Management, Inc.

*"**Obligation No. 3**"* means Obligation No. 3 issued by the Obligated Group Representative under the Master Indenture of Trust, as supplemented by the Supplemental MTI

for Obligation No. 3, in an aggregate principal amount equal to the aggregate principal amount of the Bonds.

*"**Opinion of Bond Counsel**"* means an Opinion of Counsel by a nationally recognized bond counsel firm experienced in matters relating to the exclusion from gross income for federal income tax purposes of interest payable on obligations of state and political subdivisions.

*"**Opinion of Counsel**"* means a written opinion of counsel (which may be counsel for the Authority) selected by the Authority. If and to the extent required by the provisions of Section 1.02 of this Indenture, each Opinion of Counsel shall include the statements provided for in Section 1.02 of this Indenture.

*"**Optional Redemption Account**"* means the account by that name in the Redemption Fund established pursuant to Section 5.07.

*"**Outstanding**,"* when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.10 hereof) all Bonds theretofore, or thereupon being, authenticated and delivered by the Bond Trustee under this Indenture except (a) Bonds theretofore canceled by the Bond Trustee or surrendered to the Bond Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02 of this Indenture; and (c) Bonds for the transfer or exchange of which, or in lieu of or in substitution for which, other Bonds shall have been authenticated and delivered by the Bond Trustee pursuant to this Indenture.

*"**Payments**"* means (i) all moneys (except any money received to be used for the payment of Administrative Fees and Expenses) received by the Bond Trustee with respect to the Intercept, (ii) all moneys, if any, received by the Bond Trustee directly from, or on behalf of, the Borrower, pursuant to the Loan Agreement (excluding Additional Payments not directed to be deposited into any fund or account created and held under the Indenture) or Obligation No. 3, and (iii) all income derived from the investment of any money in any fund or account established pursuant to this Indenture.

*"**Person**"* means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

*"**Principal Account**"* means the account by that name in the Revenue Fund established pursuant to Section 5.02.

*"**Principal Corporate Trust Office**"* means for the Bond Trustee originally appointed hereunder, the corporate trust office of UMB Bank, National Association, which at the date of execution of this Indenture is that specified in Section 11.07 of this Indenture, provided however, that for purposes of presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Bond Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

*"**Principal Payment Date**"* means the principal and Mandatory Sinking Account Payment dates for the Bonds, which dates occur on July 1 of each year commencing July 1, 2027.

*"**Project**"* means the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of the Facility, comprised of the Magnolia 2 Campus and the Magnolia 1/7 Campus, as more particularly described in Exhibit A of the Loan Agreement.

*"**Project Fund**"* means the fund by that name established pursuant to Section 5.05 of this Indenture.

*"**Property**"* means any and all rights, titles and interests in and to any and all property of the Borrower whether real (including the Facility) or personal, tangible or intangible and wherever situated whether currently owned or acquired in the future.

*"**Property, Plant and Equipment**"* means all Property that is considered property, plant and equipment under generally accepted accounting principles.

*"**Qualified Institutional Buyer**"* shall have the meaning given to a "qualified institutional buyer" under Rule 144A of the Securities Act of 1933.

*"**Rating Agency**"* means at any time any nationally recognized rating agency including Fitch, Moody's or S&P, then rating the Bonds at the request of the Authority or the Borrower.

*"**Rating Category**"* means (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

*"**Rebate Analyst**"* means the Person engaged by the Borrower to calculate any rebate liability under the Code.

*"**Rebate Fund**"* means the fund by that name established pursuant to Section 5.08 of this Indenture.

*"**Record Date**"* means, with respect to the Interest Payment Date for the Bonds, the fifteenth day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a Business Day.

"***Redemption Fund***" means the fund by that name established pursuant to Section 5.07 of this Indenture.

*"**Repair and Replacement Fund**"* means the fund by such name established pursuant to Section 5.10 hereof.

*"**Repair and Replacement Fund Requirement**"* means [$50,000]; provided that such Repair and Replacement Fund Requirement will initially be zero and will increase in equal semiannual amounts of [$8,334], on each [January 1 and July 1, commencing January 1, 2028].

*"**Reserve Account**"* means the account by that name in the Revenue Fund established pursuant to Section 5.02.

*"**Reserve Account Requirement**"* means as of any date of calculation, an amount which shall be equal to the least of (a) ten percent (10%) of the original principal amount of the Bonds; (b) maximum annual Debt Service on the Bonds Outstanding, (c) one hundred twenty-five percent (125%) of average annual Debt Service with respect to the Bonds Outstanding, or (d) for the last Bond Year only, the total Debt Service with respect to the Bonds Outstanding, net of amounts in the Reserve Account. Maximum annual Debt Service and average annual Debt Service, for purposes of this definition, shall be calculated on the basis of twelve-month periods ending on July 1 of any year in which Bonds are Outstanding.

*"**Responsible Officer**"* of the Bond Trustee means and includes a duly authorized officer of the Bond Trustee, with regular responsibility for the administration of matters related to this Indenture.

"***Retained Rights***" means Authority right to receive Administrative Fees and Expenses and any Additional Payments, any right to be indemnified, held harmless or defended and rights to inspection and to receive information, reports, notices, certificates and opinions, express rights to give approvals, consents or waivers hereunder or under the Loan Agreement, and the obligation of the Borrower to make deposits pursuant to the Tax Certificate.

*"**Revenue Fund**"* means the fund by that name established pursuant to Section 5.01(d) of this Indenture.

*"**S&P**"* means S&P Global Ratings, a corporation organized and existing under the laws of the State of New York, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrower.

*"**Secretary**"* means the Secretary of the Authority, or his or her designee.

"***School***" means individually, and "***Schools***" means collectively, each public charter school operated by MERF and located at the Facility, including Magnolia Science Academy 2 at the Magnolia 2 Campus and Magnolia Science Academy 1 and Magnolia Science Academy 7 at the Magnolia 1/7 Campus, but excluding any public charter school operated by MERF at premises that are not owned or leased by a Member of the Obligated Group.

*"**Securities Depositories**"* means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attention: Call Notification Department, Fax (212) 855-7232 or to such other addresses and/or such other securities depositories as the Authority may designate to the Bond Trustee in writing.

"***Sinking Fund Installment***" means, with respect to any Term Bonds, each amount so designated for such Term Bonds requiring payments by the Borrower from the Payments to be applied to the retirement of such Bonds on and prior to the stated maturity date thereof.

*"**Special Record Date**"* means the date established by the Bond Trustee pursuant to Section 2.02(c) of this Indenture as a record date for the payment of defaulted interest on Bonds.

*"**Special Redemption Account**"* means the account by that name in the Redemption Fund established pursuant to Section 5.07.

*"**State**"* means the State of California.

"***State Controller***" means the Controller of the State.

*"**Supplemental Indenture**"* or *"**Indenture supplemental hereto**"* means any indenture hereafter duly authorized and entered into between the Authority and the Bond Trustee in accordance with the provisions of this Indenture.

*"**Supplemental MTI for Obligation No. 3**"* means that certain Supplemental Master Indenture for Obligation No. 3, dated as of November 1, 2026, between the Members of the Obligated Group and the Master Trustee named therein, as originally executed and as the same may be amended or supplemented from time to time in accordance with its terms.

*"**Tax Certificate**"* means the Tax Certificate and Agreement of the Authority and the Borrower dated the date of issuance of the Bonds, as the same may be amended or supplemented in accordance with its terms.

*"**Taxable Bonds**"* means the California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group), Series 2026D (Taxable), authorized and issued pursuant to Article II of this Indenture and any bonds issued in exchange or replacement thereof in accordance with this Indenture.

*"**Tax-Exempt Bonds**"* means the California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group), Series 2026C, authorized and issued pursuant to Article II of this Indenture and any bonds issued in exchange or replacement thereof in accordance with this Indenture.

*"**Term Bonds**"* means Bonds which are payable on or before their specified maturity dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

*"**Title Company**"* means Fidelity National Title Insurance Company.

*"**Underwriter**"* means Stifel, Nicolaus, & Company, Inc., its successors and assigns.

SECTION 1.02. Content of Certificates and Opinions. Every certificate (other than the certificate provided for in Section 11.05 hereof) or opinion with respect to compliance with a

condition or covenant provided for in this Indenture shall include (a) a statement that the person or persons making or giving such certificate or opinion have read such condition or covenant and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such condition or covenant has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate or opinion made or given by a member or officer of the Authority may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion made or given by counsel may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon the certificate or opinion of or representations by a member or officer of the Authority, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his or her opinion may be based as aforesaid are erroneous or in the exercise of reasonable care should have known that the same were erroneous.

Any written representation of the Authority or determination of the Bond Trustee given in accordance with Section 6.06 (regarding the amendment of the Loan Agreement) or Article IX (regarding amendment of the Indenture) may, at the option of such party, be based solely on the written representation of a financial consultant or advisor selected by such party and not objected to by the other such party.

SECTION 1.03. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

SECTION 1.04. Construction. The parties hereto acknowledge that each such party and its respective counsel have participated in the drafting and revision of this Indenture. Accordingly, the parties agree that any rule of construction which disfavors the drafting party shall not apply in the interpretation of this Indenture or any amendment or supplement or exhibit hereto.

ARTICLE II

THE BONDS

SECTION 2.01. Authorization of Bonds. (a) There shall be issued under and secured by this Indenture an issue of bonds of the Authority constituting the Tax-Exempt Bonds. The Tax-Exempt Bonds are hereby authorized to be issued hereunder and designated generally as the "California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026C." The aggregate principal amount of the Tax-Exempt Bonds that may be issued under this Indenture shall not exceed [AMOUNT IN WORDS] dollars ([$_____]), exclusive of temporary Tax-Exempt Bonds executed and authenticated as provided in Section 2.08 hereof.

(b) There shall be issued under and secured by this Indenture an issue of bonds of the Authority constituting the Taxable Bonds. The Taxable Bonds are hereby authorized to be issued hereunder and designated generally as the "California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026D (Taxable)." The aggregate principal amount of the Taxable Bonds that may be issued under this Indenture shall not exceed [TAXABLE AMOUNT IN WORDS] dollars ([$_____]), exclusive of temporary Taxable Bonds executed and authenticated as provided in Section 2.08 hereof.

(c) This Indenture constitutes a continuing agreement with the Bond Trustee and the Holders of all of the Bonds Outstanding, subject to the covenants, agreements, provisions and conditions herein contained.

SECTION 2.02. Terms of Bonds.

(a) *Terms of the Tax-Exempt Bonds*.

(i) The Tax-Exempt Bonds shall be issued as registered bonds in Authorized Denominations. The Tax-Exempt Bonds shall be dated their date of issuance. Each Beneficial Owner of the Tax-Exempt Bonds shall be an Accredited Investor or a Qualified Institutional Buyer. Interest on the Tax-Exempt Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months and shall be payable in arrears on each Interest Payment Date.

(ii) The Tax-Exempt Bonds shall mature on July 1 in each of the years and in the principal amounts and shall bear interest at the rates as follows:

Maturity (July 1)	Principal Amount	Interest Rate

* Term Bond

(b) *Terms of the Taxable Bonds*.

(i) The Taxable Bonds shall be issued as registered bonds in Authorized Denominations. The Taxable Bonds shall be dated their date of issuance. Each Beneficial Owner of the Taxable Bonds shall be an Accredited Investor or a Qualified Institutional Buyer. Interest on the Taxable Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months and shall be payable in arrears on each Interest Payment Date.

(ii) The Taxable Bonds shall mature on July 1 in the year and in the principal amount and shall bear interest at the rate as follows:

Maturity (July 1)	Principal Amount	Interest Rate

* Term Bond

(c) *General Terms of the Bonds*.

(i) The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of the Depository, and shall be evidenced by one Bond for each maturity of a series in the total aggregate principal amount of the Bonds of such maturity. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.10 hereof. So long as Cede & Co. is the registered owner of the Bonds, as nominee of the Depository, references herein to the Bondholders, holders or registered owners shall mean Cede & Co. as aforesaid and shall not mean the "beneficial owners" of the Bonds.

The principal and redemption price of and interest on the Bonds shall be payable in lawful money of the United States of America upon surrender at the Principal Corporate Trust Office. The interest on any Bond shall be payable to the person whose name appears on the registration books of the Bond Trustee as the registered owner thereof as of the close of business on the Record Date for the Interest Payment Date, such interest to be paid by check mailed by first class mail, postage prepaid, on the Interest Payment Date, to the registered owner at his or her address as it appears on such registration books. Notwithstanding the foregoing, however, any Holder of $1,000,000 or more in an aggregate principal amount of the Bonds shall be entitled to receive payments of interest on the Bonds held by it by wire transfer of immediately available funds to such bank or trust company located within the United States of America as such Holder shall designate in writing to the Bond Trustee by the applicable Record Date for such payment.

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable in same day funds by the Bond Trustee to Cede & Co., as nominee for the Depository.

(ii) Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Bondholder on such Record Date and shall be paid to the person in whose name the Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest. The Special Record Date shall be fixed by the Bond Trustee, notice thereof being given to the Bondholders not less than 10 days prior to such Special Record Date.

SECTION 2.03. Restrictions on Registration and Transfer of the Bonds. (a) Notwithstanding any other provision hereof, the Bonds may not be registered in the name of, or transferred to, and the Beneficial Owner cannot be, any person except an Accredited Investor or a Qualified Institutional Buyer; provided however, pursuant to Section 2.10, Bonds registered in the name of the Depository or its nominee shall be deemed to comply with this Section so long as each beneficial owner of the Bonds is an Accredited Investor or a Qualified Institutional Buyer. Each initial Beneficial Owner shall provide to the Authority and the Bond Trustee an executed Investor Letter, substantially in the form attached hereto as Exhibit B.

(b) The foregoing limitation shall cease to apply (without notice to or consent of any Bondholder) upon and after receipt by the Bond Trustee from the Borrower of a rating letter by Fitch, S&P or Moody's indicating that the Bonds are rated "A-" or "A3," as applicable, or better. The Bond Trustee shall as soon as practicable, but in no event more than ten calendar days after receipt by the Bond Trustee of such information, notify each Bondholder that (i) the restrictions set forth in this Indenture requiring that the Beneficial Owners of the Bonds be Qualified Institutional Buyers or Accredited Investors shall be of no further force or effect and (ii) the Authorized Denominations shall be $5,000 and any multiple in excess thereof.

(c) In the event the limitation set forth in clause (a) ceases to apply, the Bond Trustee shall provide, or to cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system (or such other electronic system designated by the Municipal Securities Rulemaking Board) and Bloomberg Municipal Repository in a timely manner not in excess of ten business days after the occurrence of such event a notice regarding such event.

SECTION 2.04. Execution of Bonds. The Bonds shall be signed in the name and on behalf of the Authority with the manual or facsimile signature of its Chairperson. The Bonds shall then be delivered to the Bond Trustee for registration and authentication by it. In case any of the officers who shall have signed any of the Bonds shall cease to be such officer or officers before the Bonds so signed shall have been authenticated or delivered by the Bond Trustee or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority. Also, any Bond may be signed on behalf of the Authority by such persons as on the actual date of the execution of such Bond shall be the proper officers although on the nominal date of such Bond any such person shall not have been such officer. Only such of the Bonds as shall bear thereon a certificate of authentication and registration in substantially the form set forth in Exhibit A hereto, manually

executed by the Bond Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Bond Trustee shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.05. Transfer of Bonds. The registration of any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.07 of this Indenture, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Bond Trustee, duly executed. The Bond Trustee shall require the payment by the Holder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, and there shall be no other charge to any Holder for any such transfer. The Bond Trustee shall not be required to register the transfer of any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in Section 4.01 hereof or Section 4.02 hereof or during the period established by the Bond Trustee for selection of Bonds for redemption.

SECTION 2.06. Exchange of Bonds. Bonds may be exchanged at the Principal Corporate Trust Office of the Bond Trustee for a like series and aggregate principal amount of the Bonds of the same maturity of other authorized denominations. The Bond Trustee shall require the payment by the Holder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange, and there shall be no other charge to any Holder for any such exchange. No exchange of Bonds shall be required to be made during the period established by the Bond Trustee for selection of Bonds for redemption and after a Bond has been selected for redemption.

SECTION 2.07. Bond Register. The Bond Trustee shall keep or cause to be kept, at its Principal Corporate Trust Office, sufficient books for the registration of transfer of the Bonds, which shall at all reasonable times during normal business hours upon reasonable notice be open to inspection by the Authority; and, upon presentation for such purpose, the Bond Trustee shall, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer, on said books, of Bonds as hereinbefore provided.

SECTION 2.08. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the Authority, shall be in registered form and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and authenticated by the Bond Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office of the Bond Trustee, and the Bond Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations, of the same maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

SECTION 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Holder of said Bond, shall execute, and the Bond Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Bond Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Bond Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Bond Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the Authority, at the expense of the Holder, shall execute, and the Bond Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. If any Bond mutilated, lost, destroyed or stolen shall have matured, instead of issuing a substitute Bond the Bond Trustee may pay the same without surrender upon receipt of indemnity satisfactory to the Bond Trustee. The Authority may require payment from the Holder of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Authority and the Bond Trustee. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Bonds secured by this Indenture.

SECTION 2.10. Use of Depository. Notwithstanding any provision of this Indenture to the contrary:

(a) The Bonds initially shall be registered as provided in Section 2.02 hereof. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of the Depository or its nominee, or to any Substitute Depository designated pursuant to clause (ii) of this subsection (a) ("Substitute Depository"); provided that any successor of the Depository or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) To any Substitute Depository designated by the Authority (at the direction of the Borrower) and not objected to by the Bond Trustee, upon (1) the resignation of the Depository or its successor (or any Substitute Depository or its successor) from its functions as depository or (2) a determination by the Authority (at the direction of the Borrower) that the Depository or its successor (or any Substitute Depository or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of the Depository or its successor (or Substitute Depository or its successor) from its functions as depository; provided that no Substitute Depository which is not objected to by the Bond Trustee can be obtained or (2) a determination by the Authority (with the concurrence of the Borrower) that it is in the best interests of the Authority to remove the Depository or its successor (or any Substitute Depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) hereof, upon receipt of the Outstanding Bonds by the Bond Trustee, together with a Request of the Authority to the Bond Trustee, a single new Bond for each maturity shall be executed and delivered in the aggregate principal amount of the Bonds of such maturity then Outstanding, registered in the name of such successor or such Substitute Depository, or their nominees, as the case may be, all as specified in such Request of the Authority. In the case of any transfer pursuant to clause (iii) of subsection (a) hereof, upon receipt of the Outstanding Bonds by the Bond Trustee, new Bonds shall be executed and delivered in such denominations numbered in consecutive order from R-1 up and registered in the names of such persons as are requested in such a Request of the Authority, subject to the limitations of Section 2.02 hereof, provided the Bond Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such a Request of the Authority.

(c) In the case of an advance refunding of the Bonds, if any, evidencing all or a portion of the principal amount then Outstanding, the Depository shall make an appropriate notation on the Bonds indicating the date and amounts of such reduction in principal.

(d) The Authority and the Bond Trustee shall be entitled to treat the person in whose name any Bond is registered as the Bondholder thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Bond Trustee or the Authority; and the Authority and the Bond Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the Authority nor the Bond Trustee shall have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including the Depository or its successor (or Substitute Depository or its successor), except for the Holder of any Bond.

(e) So long as the outstanding Bonds are registered in the name of Cede & Co. or its registered assigns, the Authority and the Bond Trustee shall cooperate with Cede & Co., as sole registered Bondholder, and its registered assigns in effecting payment of the principal of and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

SECTION 2.11. Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Bond Trustee with respect to or in connection with the Loan Agreement. The recital contained in the Bonds that the same are issued pursuant to the Act and the Constitution and laws of the State shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

ARTICLE III

ISSUANCE OF BONDS; ESTABLISHMENT OF CERTAIN FUNDS AND APPLICATION OF PROCEEDS

SECTION 3.01. Authentication and Delivery of Bonds. At any time after the execution of this Indenture, the Authority may execute the Bonds, and the Bond Trustee, upon the

Order of the Authority, shall authenticate and deliver the Bonds in accordance with Article II of this Indenture, in each case exclusive of the Bonds executed and authenticated as provided in Section 2.08 hereof.

SECTION 3.02. Application of Proceeds of Bonds and Certain Other Moneys. (a) The Bond Trustee hereby agrees to establish and maintain hereunder, in trust, the funds described in Article V herein.

(b) The Underwriter shall directly wire the title costs and fees to the Title Company in an amount of $[_____].

(c) The Bond Trustee shall accept a portion of the proceeds received from the sale of the Tax-Exempt Bonds in the amount of $[_____], consisting of purchase price of the Tax-Exempt Bonds in the amount of $[_____] (consisting of the par amount of the Tax-Exempt Bonds of $[_____], less net original issuance discount of $[_____], less an Underwriter's discount of $[_____]), and less an amount of $[_____], representing a portion of the amount wired pursuant to Section 3.02(b) above.

(d) The Bond Trustee shall accept a portion of the proceeds received from the sale of the Taxable Bonds in the amount of $[_____] (consisting of the par amount of the Taxable Bonds of $[_____], less an Underwriter's discount of $[_____]), and less an amount of $[_____], representing the remaining portion of the amount wired pursuant to Section 3.02(b) above.

(e) The Bond Trustee shall accept the amount of $[_____]from the Authority.

(f) The Bond Trustee shall deposit the amounts received pursuant to Section 3.02(c), (d) and (e) hereof, in the following funds and accounts in the following amounts:

	Subsection (c) Funds	Subsection (d) Funds	Subsection (e) Funds	Total
Project Fund				
Costs of Issuance Fund				
Grant-Funded Reserve Subaccount				
Total				

ARTICLE IV

REDEMPTION OF THE BONDS

SECTION 4.01. Special Redemption

(a) **Extraordinary Optional Redemption from Insurance and Condemnation Proceeds**. The Bonds are subject to redemption prior to their stated maturity, at the option of the Borrower, in whole or in part, on any date from moneys required to be transferred from the Insurance and Condemnation Proceeds Fund to the Special Redemption Account at a

redemption price equal to the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, plus an amount equal to the unamortized portion of the net original issue premium thereon interpolated on a straight-line basis.

(b) **Extraordinary Mandatory Redemption Due to Prohibited Use**. The Bonds are subject to redemption prior to their stated maturity, as a whole or in part, on any date from Loan prepayments made by the Borrower in the event the Project is used or operated in any manner that violates the provisions of the Act, at a redemption price equal to the principal amount thereof together with interest accrued thereon to the date fixed for redemption, plus an amount equal to the unamortized portion of the net original issue premium thereon interpolated on a straight-line basis, on the earliest date for which notice of redemption can reasonably be given in accordance with this Indenture.

(c) **Extraordinary Optional Redemption Relating to Revocation or Non-Renewal of School Charter.** The Bonds are subject to redemption in part prior to their stated maturity, on any date, at the option of the Borrower, in the event the charter of any School is revoked or not renewed by its authorizer and such School has no further appeal rights, at a redemption price equal to the principal amount thereof together with interest accrued thereon to the date fixed for redemption, plus an amount equal to the unamortized portion of the net original issue premium thereon interpolated on a straight-line basis.

SECTION 4.02. Optional Redemption. The Tax-Exempt Bonds are also subject to redemption prior to their respective stated maturities, at the option of the Borrower, from any amounts in the Redemption Fund, in whole or in part on any date on or after July 1, 2035, at a redemption price equal to 100% of the principal amount of Tax-Exempt Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

The Taxable Bonds are not subject to optional redemption prior to their respective stated maturities.

SECTION 4.03. Mandatory Sinking Account Redemption. The Bonds are subject to redemption prior to their respective stated maturities in part, by lot, from Mandatory Sinking Account Payments pursuant to Section 5.04(b) hereof. In the event of a redemption pursuant to Section 4.01 and 4.02, the Borrower shall provide the Bond Trustee with a revised sinking fund schedule giving effect to the special, optional or mandatory redemption so completed.

SECTION 4.04. Notice of Redemption. In connection with the redemption of the Bonds pursuant to Sections 4.01 and 4.02 herein, the Borrower shall give written notice of redemption to the Bond Trustee (with a copy to the Authority) not less than thirty-five (35) days prior to the redemption date (or such shorter notice as the Bond Trustee may approve in writing). Notice of redemption of any Bonds shall be given by the Bond Trustee upon such written request of the Borrower. Notice of any redemption of Bonds shall be mailed postage prepaid by the Bond Trustee not less than thirty (30) days nor more than sixty (60) days prior to the redemption date by first-class mail to the respective Holders thereof at the addresses appearing on the Bond registration books described in Sections 2.07. Each notice of redemption shall contain all of the following information:

(a) the date of such notice;

(b) the name of the Bonds and the date of issue of the Bonds;

(c) the redemption date;

(d) the redemption price;

(e) the dates of maturity of the Bonds to be redeemed;

(f) if less than all of the Bonds of any maturity are to be redeemed, the distinctive numbers of the Bonds of each maturity to be redeemed;

(g) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed;

(h) the CUSIP number, if any, of each maturity of Bonds to be redeemed;

(i) a statement that such Bonds must be surrendered by the Holders at the Principal Corporate Trust Office of the Bond Trustee, or at such other place or places designated by the Bond Trustee;

(j) a statement that such redemption is conditioned upon the receipt by the Bond Trustee, on or prior to the redemption date, of moneys sufficient to pay the redemption price or upon the happening of such other event as shall be specified therein, and if such moneys shall not have been so received said notice shall be rescinded and the redemption shall be cancelled;

(k) a statement that any such redemption notice can be rescinded as provided in the Indenture; and

(l) notice that further interest on such Bonds, if any, will not accrue from and after the designated redemption date.

Such redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers provided therein or on the Bonds. If money is not received or if such other event has occurred or failed to occur (as the case may be) as described in Section 4.04(j), the Bond Trustee, within a reasonable time after the date on which such redemption was to occur, shall give notice to the persons and in the manner in which the notice of redemption was given, that such moneys were not so received and that there will be no redemption of the Bonds pursuant to the notice of redemption. Failure of the Bond Trustee to give such notice of redemption or any defect therein shall not in any way impair or affect the validity of the proceedings for redemption.

SECTION 4.05. Effect of Notice. A certificate of the Bond Trustee or the Borrower that notice of call and redemption has been given to Holders and as may be further required in the Continuing Disclosure Agreement as herein provided shall be conclusive as against all parties. The actual receipt by the Holder of any Bond or any other party of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the

notice given, shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest, if any, on the date fixed for redemption.

Notice of redemption having been given, and the redemption price of the Bonds called for redemption being on deposit or otherwise available to the Bond Trustee, the Bonds designated for redemption shall become due and payable on the specified redemption date and interest, if any, shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Holders of such Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the redemption premium thereon, if any, only to the fund established for such purpose. All Bonds redeemed shall be cancelled forthwith by the Bond Trustee and shall not be reissued.

SECTION 4.06. Right to Rescind Notice. Upon written notice from the Borrower that the Borrower has cured the conditions that caused the Bonds to be subject to extraordinary redemption, the Borrower may rescind any extraordinary redemption and notice thereof on any date prior to the date fixed for redemption by causing the Bond Trustee to send written notice of the rescission to the Holders of the Bonds so called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the Holder of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

SECTION 4.07. Funds for Redemption. Prior to or on the redemption date of any Bonds there shall be available in the Redemption Fund, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the premiums payable as in this Indenture provided, the Bonds designated in said notice of redemption. Such monies so set aside in the Redemption Fund or in the escrow fund established for such purpose shall be applied on or after the redemption date solely for payment of principal of and premium, if any, on the Bonds to be redeemed upon presentation and surrender of such Bonds, provided that all monies in the Redemption Fund shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the Redemption Fund, unless otherwise provided for to be paid from an escrow fund established for such purpose. If, after all of the Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the Redemption Fund or otherwise held in trust for the payment of redemption price of the Bonds, said monies shall be held in or returned or transferred to the Redemption Fund for payment of any outstanding Bonds of the Borrower payable from said fund; provided, however, that if said monies are part of the proceeds of refunding Bonds of the Borrower, said monies shall be transferred to the fund created for the payment of principal of and interest on such Bonds. If no such refunding Bonds of the Borrower are at such time outstanding, said monies shall be transferred to the Borrower as provided and permitted by law.

SECTION 4.08. Selection of Bonds for Redemption. When any redemption is made pursuant to any of the provisions of this Indenture and less than all of the Outstanding Bonds are to be redeemed, the Bond Trustee shall select the Bonds to be redeemed from the Outstanding Bonds not previously called for redemption, by lot within a maturity and, if from more than one

maturity, in inverse order of maturity or in such other order of maturity as shall be specified in a Request of the Borrower. In no event shall Bonds be redeemed in amounts other than whole multiples of Authorized Denominations. For purposes of redeeming Bonds in denominations greater than minimum Authorized Denominations, the Bond Trustee shall assign to such Bonds a distinctive number for each such principal amount and, in selecting Bonds for redemption by lot, shall treat such amounts as separate Bonds. The Bond Trustee shall promptly notify the Authority and the Borrower in writing of the numbers of the Bonds selected for redemption.

ARTICLE V

PLEDGE AND ASSIGNMENT; ESTABLISHMENT AND APPLICATION OF FUNDS AND ACCOUNTS

SECTION 5.01. Pledge and Assignment. (a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, there are hereby pledged to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of this Indenture, all of the Payments (except Payments described in clause (i) of the definition thereof) and any other amounts (excluding proceeds of the sale of Bonds) held in any fund or account (other than the Rebate Fund) established pursuant to this Indenture. Said pledge shall constitute a lien on and security interest in such assets and shall attach and be valid and binding from and after delivery of the Bonds, without any physical delivery thereof or further act.

(b) The Authority hereby assigns to the Bond Trustee, for the benefit of the Holders from time to time of the Bonds, all of the Payments (except Payments described in clause (i) of the definition thereof) and other amounts pledged in paragraph (a) of this Section and all of the right, title and interest of the Authority in, to and under the Loan Agreement (except for the Retained Rights). The Bond Trustee shall be entitled to and shall receive all of such assigned Payments, and any such Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as the agent of the Bond Trustee and shall forthwith be paid by the Authority to the Bond Trustee. The Bond Trustee also shall be entitled to and shall (subject to the provisions of this Indenture) take all steps, actions and proceedings following any event of default under the Loan Agreement reasonably necessary in its judgment, or as directed in writing by the Holder, to enforce, either jointly with the Authority or separately, all of the rights of the Authority assigned to the Bond Trustee and all of the obligations of the Borrower under the Loan Agreement.

(c) The Borrower shall take all actions necessary for the Bond Trustee to collect directly from the State Controller the amounts set forth in the Intercept Notice on the dates set forth in the Intercept Notice.

(d) All Payments shall be promptly deposited by the Bond Trustee upon receipt thereof in a special fund designated as the "Revenue Fund" which the Bond Trustee is hereby directed to establish, maintain and hold in trust. All Payments shall be held in trust for the benefit of the Holders from time to time of the Bonds but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes hereinafter in this Article V set forth.

(e) The Bonds are not and shall not be deemed to constitute a debt or liability of the State, or any political subdivision thereof, and are not and shall not be deemed to be a pledge of the faith and credit of the State, or any political subdivision thereof, other than the Authority, which shall only be obligated to pay the Bonds solely from the Payments and funds herein provided therefor. The issuance of the Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever for the Bonds or to make any appropriation for their payment. Nothing in this Indenture, the Act or otherwise is an undertaking by the Authority or the State or any political subdivision thereof to fund the transfers described in the Intercept Notice or to make funds available to the School in any amount or at any time.

SECTION 5.02. Allocation of Revenues. Promptly upon receipt, the Bond Trustee shall deposit the Payments to the Revenue Fund. On or before June 25th and December 25th of each year, commencing [June 25, 2027], the Bond Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts (each of which the Bond Trustee shall establish and maintain within the Revenue Fund) and then to the Rebate Fund, the following amounts, in the following order of priority, the requirements of each such account or fund (including the making up of any deficiencies in any such account resulting from lack of Payments sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account or fund subsequent in priority; provided, however, no moneys deposited in the Revenue Fund pursuant to the Intercept shall be deposited to the Rebate Fund:

(1) To the Interest Account, the aggregate amount of interest becoming due and payable on the next succeeding Interest Payment Date on all Bonds then Outstanding, until the balance in said account is equal to said aggregate amount of interest;

(2) To the Principal Account, one-half of the aggregate amount of principal becoming due to and payable on the next succeeding Principal Payment Date, until the balance in said Principal Account is equal to said aggregate amount of such principal and Mandatory Sinking Account Payments; provided that from the date of delivery of the Bonds until the first Principal Payment Date with respect to the Bonds (if less than twelve months), transfers to the Principal Account shall be sufficient on a pro rata basis to pay the principal and Mandatory Sinking Account Payments becoming due and payable on said Principal Payment Date;

(3) To the Grant-Funded Reserve Subaccount of the Reserve Account, (a) the greater of (i) the amount designated for deposit to the Grant-Funded Reserve Subaccount of the Reserve Account in a written direction of the Borrower, and (ii) the aggregate amount of each prior withdrawal from the Grant-Funded Reserve Subaccount of the Reserve Account for the purpose of making up a deficiency in the Interest Account or the Principal Account (until deposits on account of such withdrawal are sufficient to fully restore the amount withdrawn), and (b) in the event the balance in said subaccount shall be less than the amount deposited in such subaccount pursuant to Section 3.02(f) hereof due to valuation of the Eligible Securities deposited therein in accordance with Section 5.06 hereof , the amount necessary to increase the balance in said account to an amount at least equal to the amount deposited in such subaccount pursuant to Section 3.02(f) hereof (until

deposits on account of such valuation deficiency are sufficient to increase the balance in said account to said amount);

(4) To the Bond Reserve Subaccount of the Reserve Account, (a) the greater of (i) the amount designated for deposit to the Bond Reserve Subaccount of the Reserve Account in a written direction of the Borrower, and (ii) one-half of the aggregate amount of each prior withdrawal from the Reserve Account for the purpose of making up a deficiency in the Interest Account or Principal Account (until deposits on account of such withdrawal are sufficient to fully restore the amount withdrawn), provided that no deposit need be made into the Bond Reserve Subaccount if the balance in the Reserve Account is at least equal to the Reserve Account Requirement, and (b) in the event the balance in said account shall be less than the Reserve Account Requirement due to valuation of the Eligible Securities deposited therein in accordance with Section 5.06 hereof, the amount necessary to increase the balance in said account to an amount at least equal to the Reserve Account Requirement (until deposits on account of such valuation deficiency are sufficient to increase the balance in said account to said amount);

(5) Beginning [December 25, 2027], to the Repair and Replacement Fund, (a) the greatest of (i) the amount designated for deposit in the Repair and Replacement Fund in a written direction of the Borrower, (ii) [$_____], and (iii) one-third of the aggregate amount of each prior withdrawal from the Repair and Replacement Fund, provided that no deposit need be made into the Repair and Replacement Fund (x) in excess of one-fourth of the Repair and Replacement Fund Requirement or (y) if the balance in said account is at least equal to the Repair and Replacement Fund Requirement, and (b) in the event the balance in said account shall be less than the Repair and Replacement Fund Requirement due to valuation of the Eligible Securities deposited therein in accordance with Section 5.10, the amount necessary to increase the balance in said account to an amount at least equal to the Repair and Replacement Fund Requirement (until deposits on account of such valuation deficiency are sufficient to increase the balance in said account to said amount); and

(6) To the Rebate Fund, such amounts as are required to be deposited therein by written instruction from the Borrower given in accordance with this Indenture (including the Tax Certificate).

Moneys remaining in the Revenue Fund after the foregoing transfers shall be transferred on January 1 and July 1 of each year, commencing [July 1, 2027], by the Bond Trustee to the Borrower, free and clear of the Lien of this Indenture.

SECTION 5.03. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Bond Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture).

SECTION 5.04. Application of Principal Account. (a) All amounts in the Principal Account shall be used and withdrawn by the Bond Trustee solely for the purpose of paying the

principal or Mandatory Sinking Account Payments of the Bonds, as provided herein with respect to Bonds.

(b) The Bond Trustee shall establish and maintain within the Principal Account a separate subaccount for the Bonds, designated as the "____ Sinking Account," inserting therein the Series and maturity (if more than one such account is established) for each Term Bond. On or before July 1 in each year, the Bond Trustee shall transfer the amount deposited in the Principal Account on that date pursuant to Section 5.02 from the Principal Account to the Sinking Account for the purpose of making a Mandatory Sinking Account Payment (if such deposit is required in such month). With respect to the Sinking Account, on each Mandatory Sinking Account Payment date established for the Sinking Account, the Bond Trustee shall transfer the amount deposited in the Principal Account pursuant to Section 5.02 for the purpose of applying the Mandatory Sinking Account Payment required on that date to the redemption (or payment at maturity, as the case may be) of Bonds, upon the notice and in the manner provided in Article IV; provided that, at any time prior to giving such notice of such redemption, the Bond Trustee shall apply such moneys to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Borrower may direct, in writing, except that the purchase price (excluding accrued interest) shall not exceed the par amount of such Bonds. If, during the twelve-month period immediately preceding said Mandatory Sinking Account Payment date, the Bond Trustee has purchased Bonds with moneys in the Sinking Account, or, during said period and prior to giving said notice of redemption, the Borrower has deposited Bonds with the Bond Trustee, or Bonds were at any time purchased or redeemed by the Bond Trustee from the Redemption Fund and allocable to said Mandatory Sinking Account Payment, such Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said Mandatory Sinking Account Payment. All Bonds purchased or deposited pursuant to this subsection shall be delivered to the Bond Trustee and cancelled. Any amounts remaining in the Sinking Account when all of the Bonds are no longer Outstanding shall be withdrawn by the Bond Trustee and transferred to the Revenue Fund. All Bonds purchased from the Sinking Account or deposited by the Borrower with the Bond Trustee shall be allocated first to the next succeeding Mandatory Sinking Account Payment, then to the remaining Mandatory Sinking Account Payments as the Borrower directs in writing along with a revised sinking fund schedule giving effect to the purchase so completed.

(c) Subject to the terms and conditions set forth in this Section and in Section 4.03, the Term Bonds shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments in the following amounts and on the following dates:

(i) The Tax-Exempt Term Bonds maturing July 1, 20__ that are issued in an initial principal amount of $[_____]:

Mandatory Redemption Date (July 1)	Principal Amount

† Final Maturity

(ii) The Tax-Exempt Term Bonds maturing July 1, 20__ that are issued in an initial principal amount of $[_____]:

Mandatory Redemption Date (July 1)	Principal Amount

† Final Maturity

(iii) The Tax-Exempt Term Bonds maturing July 1, 20__ that are issued in an initial principal amount of $[_____]:

Mandatory Redemption Date (July 1)	Principal Amount

_____
† Final Maturity

(iv) The Tax-Exempt Term Bonds maturing July 1, 20__ that are issued in an initial principal amount of $[_____]:

Mandatory Redemption Date (July 1)	Principal Amount

_____
† Final Maturity

(v) The Taxable Term Bonds maturing July 1, 20__ that are issued in an initial principal amount of $[_____]:

Mandatory Redemption Date (July 1)	Principal Amount

† Final Maturity

SECTION 5.05. Establishment and Application of Project Fund. (a) The moneys in the Project Fund shall be disbursed pursuant to Requisitions of the Borrower, which shall be substantially in the form of Exhibit C. Each such Requisition of the Borrower shall be sufficient evidence to the Bond Trustee of the facts stated therein and the Bond Trustee shall have no duty to confirm the accuracy of such facts. No moneys in the Project Fund shall be used to pay Costs of Issuance. The Bond Trustee shall accept moneys from the Borrower, or on behalf of the Borrower, for deposit in the Project Fund from time to time.

(b) Upon completion of the Project, the Borrower shall deliver a Completion Certificate to the Bond Trustee and make the final requisition of funds from the Project Fund. Any amounts thereafter remaining in such Project Fund shall be transferred by the Bond Trustee, at the direction of the Borrower (i) to the Revenue Fund for payment of principal of and/or interest on the Bonds, or (ii) to the Borrower upon delivery to the Bond Trustee of (A) a written request of the Borrower and (B) if any amounts deposited into the Project Fund were proceeds of the Tax-Exempt Bonds, delivery of an Opinion of Bond Counsel to the effect that such transfer would not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds. Upon such transfer, the Project Fund shall be closed.

SECTION 5.06. Application of Reserve Account. (a) Within the Reserve Account, the Bond Trustee shall establish and maintain the Bond Reserve Subaccount and the Grant-Funded Reserve Subaccount. All amounts in the Reserve Account shall be used and withdrawn by the Bond Trustee, solely for the purpose of making up any deficiency in the Revenue Fund, Interest Account or Principal Account that exists on the date when monies on deposit in the Revenue Fund, Interest Account or Principal Account are required to be applied, as provided in Sections 5.03 and 5.04 hereof, or (together with any other moneys available therefor) for the payment or redemption of all Bonds then Outstanding; provided, however, that monies and securities held by the Bond Trustee in the Grant-Funded Reserve Subaccount shall not be used for the redemption of all Bonds then Outstanding pursuant to Section 4.01 or Section 4.02. The Borrower shall have no right, title, or interest in any amounts on deposit in the Grant-Funded Reserve Subaccount. The Bond Trustee shall hold such amounts exclusively for the benefit of the Authority and the Bondholders. The Bond Trustee shall draw from the Bond Reserve Subaccount until exhausted prior to drawing from the Grant-Funded Reserve Subaccount.

(b) The Bond Trustee shall notify the Authority and the Borrower immediately of any withdrawal from the Reserve Account for the purpose of making up a deficiency in the Interest Account or Principal Account, which notice shall specify the amount of such withdrawal from each of the Bond Reserve Subaccount and the Grant-Funded Reserve Subaccount. The Bond

Trustee shall notify the Authority immediately of the final maturity, earlier redemption in full of the Bonds or the date on which no Bonds are Outstanding hereunder (including as provided in Article X hereof).

(c) Immediately following the date on which no Bonds are Outstanding hereunder (including as provided in Article X hereof), the Bond Trustee shall transfer to the Authority any amounts remaining on deposit in the Grant-Funded Reserve Subaccount. Thereafter the Bond Trustee shall close the Grant-Funded Reserve Subaccount.

(d) Amounts on deposit in the Reserve Account shall be valued by the Bond Trustee at their fair market value each January 1 and July 1, and the Bond Trustee shall notify the Borrower of the results of such valuation. If the amount on deposit in the Reserve Account on the first (1st) Business Day following such valuation is less than one hundred percent (100%) of the Reserve Account Requirement, the Borrower has agreed in the Loan Agreement to make the deposits to the Reserve Account required by Section 5.02. If the amount on deposit in the Reserve Account on the first (1st) Business Day following such valuation is greater than the Reserve Account Requirement, then (i) the amount of money on deposit in the Grant-Funded Reserve Subaccount greater than [$GRANT AMOUNT] shall be paid to the Authority free and clear of the lien of the Indenture and (ii) any additional excess shall be withdrawn from the Bond Reserve Subaccount of the Reserve Account and transferred to the Revenue Fund.

SECTION 5.07. Establishment and Application of Redemption Fund. The Bond Trustee shall, as and when needed, establish and maintain within the Redemption Fund a separate Optional Redemption Account and a separate Special Redemption Account. The Bond Trustee shall accept all moneys deposited for redemption and shall deposit such moneys into the Optional Redemption Account or the Special Redemption Account, as applicable. All amounts deposited in the Optional Redemption Account and in the Special Redemption Account shall be accepted and used and withdrawn by the Bond Trustee solely for the purpose of redeeming Bonds, in the manner and upon the terms and conditions specified in Article IV, at the next succeeding date of redemption for which notice has not been given and at the redemption prices then applicable to redemptions from the Optional Redemption Account and the Special Redemption Account, respectively; provided that, at any time prior to giving such notice of redemption, the Bond Trustee shall, upon written direction of the Borrower, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the Borrower may direct, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to such Bonds (or, if such Bonds are not then subject to redemption, the par value of such Bonds); and provided further that in the case of the Optional Redemption Account in lieu of redemption at such next succeeding date of redemption, or in combination therewith, amounts in such account may be transferred to the Revenue Fund and credited against Loan Repayments in order of their due date as set forth in a Request of the Borrower.

SECTION 5.08. Rebate Fund. (a) The Bond Trustee shall, as and when needed, establish and maintain, when required, a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. Within the Rebate Fund, the Bond Trustee shall maintain such accounts as shall be directed in writing by the Borrower to comply with instructions of the Borrower given pursuant to the terms and conditions of the Tax Certificate.

Subject to the transfer provisions provided in paragraph (e) below, all money at any time deposited in the Rebate Fund shall be held by the Bond Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the federal government of the United States of America. Neither the Authority, the Borrower nor the Holder of any Bonds shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section, by Section 6.09 and by the Tax Certificate (which is incorporated herein by reference). The Bond Trustee shall be deemed conclusively to have complied with such provisions if it follows the directions of the Borrower including supplying all necessary information in the manner provided in the Tax Certificate, and shall have no liability or responsibility to enforce compliance by the Borrower or the Authority with the terms of the Tax Certificate or any other tax covenants contained herein. The Bond Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Bond Trustee shall have no independent duty to review such calculations or enforce the compliance by the Borrower with such rebate requirements. The Bond Trustee shall have no duty or obligation to determine the applicability of the Code and shall only be obligated to act in accordance with written instructions provided by the Borrower.

(b) Upon the Borrower's written direction, an amount shall be deposited to the Rebate Fund by the Bond Trustee from deposits by the Borrower, if and to the extent required, so that the balance in the Rebate Fund shall equal the Rebate Requirement. Computations of the Rebate Requirement shall be furnished by or on behalf of the Borrower in accordance with the Tax Certificate. The Bond Trustee shall supply to the Borrower and/or the Authority all necessary information in its possession in the manner provided in the Tax Certificate to the extent such information is reasonably available to the Bond Trustee.

(c) The Bond Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section, other than from moneys held in the funds and accounts created under this Indenture or from other moneys provided to it by the Borrower.

(d) At the written direction of the Borrower, which direction shall comply with the requirements of the Tax Certificate and Section 4.05 of the Loan Agreement, the Bond Trustee shall invest all amounts held in the Rebate Fund in Eligible Securities. Moneys shall not be transferred from the Rebate Fund except as provided in paragraph (e) below. The Bond Trustee shall not be liable for any consequences arising from such investment.

(e) Upon receipt of the Borrower's written directions, the Bond Trustee shall remit part or all of the balances in the Rebate Fund to the United States, as so directed. In addition, if the Borrower so directs, the Bond Trustee shall deposit money into or transfer money out of the Rebate Fund from or into such accounts or funds as directed by the Borrower's written directions; provided, however, only moneys in excess of the Rebate Requirement may, at the written direction of the Borrower or the Authority, be transferred out of the Rebate Fund to such other accounts or funds or to anyone other than the United States in satisfaction of the arbitrage rebate obligation. Any funds remaining in the Rebate Fund after each five year remission to the United States of America, redemption and payment of all of the Bonds and payment and satisfaction of any Rebate Requirement, or provision made therefor satisfactory to the Bond Trustee, shall be withdrawn and remitted to the Borrower.

(f) Notwithstanding any other provision of this Indenture, including in particular Article X, the obligation to remit the Rebate Requirement to the United States and to comply with all other requirements of this Section, Section 6.09 and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

SECTION 5.09. Establishment and Application of Costs of Issuance Fund; Insurance and Condemnation Proceeds Fund. (a) The Bond Trustee shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund." Moneys deposited in said fund shall be used and withdrawn by the Bond Trustee to pay the Costs of Issuance of the Bonds upon Requisition of the Borrower stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund, and stating that attached thereto is a copy of the invoice or statement evidencing the costs incurred. On the one hundred eightieth (180th) day following the initial issuance of the Bonds, or upon the earlier Request of the Borrower, amounts, if any, remaining in the Costs of Issuance Fund shall be transferred to the Revenue Fund.

(b) As and when needed, the Master Trustee shall establish, maintain and hold in trust a separate fund designated as the "Insurance and Condemnation Proceeds Fund," and administer said fund as set forth in Section 3.03 of the Master Indenture of Trust.

SECTION 5.10. Establishment and Application of the Repair and Replacement Fund.

(a) The Bond Trustee shall establish, maintain and hold in trust a separate fund designated as the "Repair and Replacement Fund," which shall be used solely for the purposes set forth in this Section 5.10.

(b) The Bond Trustee shall withdraw funds from the Repair and Replacement Fund to pay for capital items not budgeted as ordinary maintenance and repair costs related to the Facility.

(c) Moneys in the Repair and Replacement Fund to be used for the purpose described in subsection (b) above shall be disbursed upon receipt of a Requisition of the Borrower for payment substantially in the form attached hereto as Exhibit D, which, by this reference thereto, is incorporated herein, executed by the Authorized Borrower Representative, and the Bond Trustee shall issue its checks or a wire transfer for each such disbursement upon receipt of such a requisition. The Bond Trustee may conclusively rely upon such Requisition and shall have no responsibility or duty to investigate any of the matters set forth therein.

(d) Amounts on deposit in the Repair and Replacement Fund shall be valued by the Bond Trustee at their fair market value each January 1 and July 1, and the Bond Trustee shall notify the Borrower of the results of such valuation in the form of its regular periodic statement. If the amount on deposit in the Repair and Replacement Fund on the first (1st) Business Day following such valuation is less than one hundred percent (100%) of the Repair and Replacement Fund Requirement, the Borrower has agreed in the Loan Agreement to make the deposits to the Repair and Replacement Fund required by Section 5.02. If the amount on deposit in the Repair and Replacement Fund on the first (1st) Business Day following such valuation is greater than the

Repair and Replacement Fund Requirement, then any additional excess shall be withdrawn from the Repair and Replacement Fund and transferred to the Revenue Fund.

(e) When (i) the amount of principal of, and premium, if any, and interest on the Outstanding Bonds is equal to or less than the sum of the balance of the Revenue Fund, the balance of the Reserve Account, the balance of the Redemption Fund and the balance of the Repair and Replacement Fund, and (ii) all other amounts owed under the Loan Agreement and this Indenture shall have been paid, moneys held in the Repair and Replacement Fund may be deposited into the Revenue Fund and credited against payments of Loan Repayments required under Section 3.02 of the Loan Agreement.

SECTION 5.11. Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts established pursuant to this Indenture, except the Grant-Funded Reserve Subaccount of the Reserve Account, shall be invested by the Bond Trustee solely in such Eligible Securities as are specified in a Request of the Borrower, provided, however, that, if the Borrower does not file such a Request with the Bond Trustee, the Bond Trustee shall invest to the extent practicable in investments described in clause (8) of the definition of the term "Eligible Securities" in Section 1.01 of this Indenture; provided, however, that any such investment shall be made by the Bond Trustee only if, prior to the date on which such investment is to be made, the Bond Trustee shall have received a Request of the Borrower specifying a specific money market fund and, if no such Request of the Borrower is so received, the Bond Trustee shall hold such moneys uninvested.

All moneys in the Grant-Funded Reserve Subaccount of the Reserve Account shall be invested by the Bond Trustee solely in such Grant-Funded Reserve Eligible Securities as are specified in a Request of the Borrower, provided, however, that, if the Borrower does not file such a Request with the Bond Trustee, the Bond Trustee shall invest to the extent practicable in investments described in clause five (5) of the definition of the term "Grant-Funded Reserve Eligible Securities" in Section 1.01 of this Indenture; provided, however, that any such investment shall be made by the Bond Trustee only if, prior to the date on which such investment is to be made, the Bond Trustee shall have received a Request of the Borrower specifying a specific money market fund and, if no such Request of the Borrower is so received, the Bond Trustee shall hold such moneys uninvested.

All interest, profits and other income received from the investment of moneys shall be deposited in the Revenue Fund; provided, however, all interest, profits and other income received from the investment of moneys in the Project Fund shall remain in the Project Fund; and provided, however, all interest, profits and other income received from the investment of moneys in the Bond Reserve Subaccount and the Grant-Funded Reserve Subaccount of the Reserve Account shall remain in such Subaccount.

Investments in any and all funds and accounts established pursuant to this Indenture may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in a particular fund amounts received or held by the Bond Trustee hereunder, provided that the Bond Trustee shall at all times account for such investments strictly in accordance with the particular funds to which they are credited and otherwise as provided in this Indenture. The Bond Trustee may act as principal or agent in the

making or disposing of any investment. To the extent Eligible Securities are registrable, such investments shall be registered in the name of the Bond Trustee. The Bond Trustee may sell or present for redemption, any securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such securities are credited, and the Bond Trustee shall not be liable or responsible for any loss resulting from such investment. The Bond Trustee shall have no investment discretion. The Authority, the Borrower and all other parties in interest hereto acknowledge that the Bond Trustee is not providing investment supervision, recommendations, or advice.

The Bond Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Bond Trustee or for any third person or dealing as principal for its own account.

No float forward or forward purchase agreement or other arrangement, agreement or financial product may be utilized in connection with the Revenue Fund.

The Borrower acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Borrower the right to receive brokerage confirmations of security transactions as they occur, the Borrower specifically waives receipt of such confirmations to the extent permitted by law. The Bond Trustee will furnish the Borrower periodic cash transaction statements which include detail for all investment transactions made by the Bond Trustee hereunder.

SECTION 5.12. Amounts Remaining in Funds and Accounts. Any amounts remaining in the Revenue Fund or any other fund or account established hereunder after payments in full of the Bonds (or after provision for payment thereof as provided herein) and payment of the fees, charges and expenses of the Bond Trustee and the Authority, shall belong and be paid to the Borrower by the Bond Trustee.

ARTICLE VI

COVENANTS

SECTION 6.01. Punctual Payment. The Authority shall punctually pay, but only out of Payments and pledged funds as herein provided, the principal and interest to become due in respect of every Bond issued hereunder at the times and places and in the manner provided herein and in the Bonds, according to the true intent and meaning thereof.

SECTION 6.02. Extension of Payment of Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement except with the written consent of the Bondholders and, if the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended without the written consent of the Bondholders, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to

the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

SECTION 6.03. Encumbrance Upon Payments. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Payments and other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Act, and reserves the right to issue other obligations for such purposes.

SECTION 6.04. Power to Issue Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge and assign the Payments and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Bonds and the provisions of this Indenture are and will be the valid and binding limited obligations of the Authority, and the Authority and Trustee shall at all times, to the extent permitted by law and subject to the provisions of this Indenture, be entitled to defend, preserve and protect said pledge and assignment of Payments and other assets and all the rights of the Bondholders under this Indenture against all claims and demands of all persons whomsoever.

SECTION 6.05. Accounting Records and Financial Statements. The Bond Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with the Bond Trustee's accounting practices for books of record and account relating to similar trust accounts and in accordance with the customary standards of the corporate trust industry for such books of record and account, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of Bonds, the Payments, the Loan Agreement and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority, the Borrower and any Bondholder, or his agent or representative duly authorized in writing, at reasonable hours, upon reasonable notice and under reasonable circumstances.

SECTION 6.06. Other Covenants; Amendment of the Loan Agreement and the Leases. (a) Subject to the provisions of this Indenture, the Bond Trustee shall promptly collect all amounts due pursuant to the Loan Agreement and, upon an Event of Default, diligently enforce and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority under the Loan Agreement assigned to it pursuant to Section 5.01(b) hereof.

(b) The Authority shall not amend, modify or terminate any of the terms of the Loan Agreement or the Leases, or consent to any such amendment, modification or termination, without the prior written consent of the Bond Trustee. The Bond Trustee shall give such written consent if but only if (1) it has received a written representation from the Borrower to the effect that such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds; provided that, if an Event of Default described in paragraph (a), (b) or (c) of Section 7.01 has occurred and is continuing, the Bond Trustee rather than the Borrower shall

make a determination that such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds (provided that, in making such determination, the Bond Trustee may conclusively rely on written representations of financial consultants or advisors or the opinion or advice of counsel), or (2) the Holders of a majority in aggregate principal amount of the Bonds then Outstanding consent in writing to such amendment, modification or termination, provided that no such amendment, modification or termination shall reduce the amount of Loan Repayments payable to the Authority, or extend the time for making such payments, without the written consent of all of the Holders of the Bonds then Outstanding.

(c) The Bond Trustee shall promptly collect all amounts due from the Borrower pursuant to the Loan Agreement and Obligation No. 3 and shall, upon an Event of Default, diligently enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of, all of the rights of the Authority (other than the Retained Rights) and all of the obligations of the Borrower under the Loan Agreement and Obligation No. 3, subject to all rights and protections contained in this Indenture.

SECTION 6.07. Further Assurances. The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Holders of the Bonds of the rights and benefits provided in this Indenture.

SECTION 6.08. Continuing Disclosure. Pursuant to Section 4.06 of the Loan Agreement, the Borrower has undertaken all responsibility for compliance with continuing disclosure requirements pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5), and the Authority shall have no liability to the Holders of the Bonds or any other person with respect to Securities and Exchange Commission Rule 15c2-12. The Dissemination Agent has covenanted under the Continuing Disclosure Agreement that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement and Section 4.06 of the Loan Agreement applicable to it. Notwithstanding any other provision of this Indenture, failure of the Borrower or the Dissemination Agent to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Bond Trustee at the written request of the Underwriter (as defined in the Continuing Disclosure Agreement) or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall (but only to the extent the Bond Trustee has been tendered funds in an amount satisfactory to it or it has been otherwise indemnified from and against any loss, liability, cost or expense, including without limitation, fees and expenses of its counsel and agents and additional fees and charges of the Bond Trustee) or any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Borrower to comply with its obligations under Section 4.06 of the Loan Agreement or, as to any Bondholder or Beneficial Owner, to cause the Bond Trustee to comply with its obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which (1) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (2) is treated as the owner of any Bonds for federal income tax purposes.

SECTION 6.09. Tax Covenants. (a) The Authority covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Tax-Exempt Bonds not being excluded from gross income for federal income tax purposes under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority covenants that it will comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive the payment in full or the defeasance of the Tax-Exempt Bonds.

(b) In the event that at any time the Authority is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Bond Trustee under this Indenture, the Authority may so instruct the Bond Trustee in a Request of the Authority accompanied by a supporting Opinion of Bond Counsel, and the Bond Trustee shall take such action as may be directed in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the Authority shall provide to the Bond Trustee an Opinion of Bond Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Tax-Exempt Bonds, the Bond Trustee may conclusively rely on such opinion in complying with the requirements of this Section and the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 6.10. Intercept Covenants. The Bond Trustee shall, on each Interest Payment Date, each Principal Payment Date, or on any date which a transfer from the Controller to the Bond Trustee is scheduled pursuant to the Intercept Notice, notify the Authority and the Borrower of any shortfall in amounts received by the Bond Trustee from the Controller compared to the amounts set forth in the Intercept Notice for such date. If, subsequent to any shortfall for which the Bond Trustee has sent notice pursuant to the preceding sentence, the Bond Trustee shall receive payment of amounts sufficient to cure such shortfall, the Bond Trustee shall, within ten (10) Business Days thereof, notify the Authority and the Borrower of the receipt of such payment.

ARTICLE VII

EVENTS OF DEFAULT; REMEDIES ON DEFAULT

SECTION 7.01. Events of Default; Waiver of Default. If one or more of the following events ("Events of Default") shall happen, that is to say-

(a) if default shall be made by the Authority in the due and punctual payment of the principal of any Bond as the same shall become due and payable (whether at maturity, by declaration or otherwise);

(b) if default shall be made by the Authority in the due and punctual payment of interest on any Bond when and as such interest shall become due and payable;

(c) if any occurrence and continuance of an "Event of Default" under the Loan Agreement; or

(d) if default shall be made by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, and such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Bond Trustee, or to the Authority, the Borrower and the Bond Trustee by the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, except that, in each case, if such failure can be remedied but not within such 60-day period, such failure shall not become an Event of Default for so long as the Authority shall diligently proceed to remedy the same in accordance and subject to any directions or limitations of time established by the Master Trustee;

then and in each and every such case during the continuance of such Event of Default, the provisions of Section 7.02 shall apply.

SECTION 7.02. Institution of Legal Proceedings by Bond Trustee. (a) If one or more of the Events of Default shall occur, the Bond Trustee in its discretion may, and upon the written request of the Holders of a majority in principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, the Bond Trustee shall proceed to protect or enforce its rights or the rights of the holders of Bonds under this Indenture, the Loan Agreement, the Leases, and Obligation No. 3, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein or therein, or in aid of the execution of any power herein or therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Bond Trustee shall deem most effectual in support of any of its rights or duties hereunder, provided that any such request from the Bondholders shall not be in conflict with any rule of law or with this Indenture, expose the Bond Trustee to personal liability or be unduly prejudicial to Bondholders not joining therein.

(b) Notwithstanding anything to the contrary in this Indenture, the Authority shall have no obligation to, and instead the Bond Trustee may, without further direction from the Authority, take any and all steps, actions and proceedings, to enforce any or all rights of the Authority (other than those specifically retained by the Authority pursuant to Section 5.01 of this Indenture) under this Indenture or the Loan Agreement, including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Borrower under the Loan Agreement.

SECTION 7.03. Application of Moneys Collected by Bond Trustee. Any moneys collected by the Bond Trustee pursuant to Section 7.02 hereof and any other amounts then held by the Bond Trustee under this Indenture, shall be applied in the following order, at the date or dates fixed by the Bond Trustee and, in the case of distribution of such moneys on account of principal upon presentation of the Bonds, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First: To the payment of costs and expenses of collection and reasonable compensation to the Bond Trustee for its own services and for the services of counsel, agents and employees by it properly engaged and employed, and all other expenses and liabilities incurred, and for advances, together with interest on such advances at a rate per annum equal to the Bond yield plus two percent, made pursuant to the provisions of this Indenture.

Second: In case the principal of any of the Bonds shall have become due by declaration or otherwise and remains unpaid, first to the payment of interest in default, and then to the payment of the principal of all Bonds then due and unpaid, in every instance such payment to be made ratably to the persons entitled thereto without discrimination or preference.

Whenever moneys are to be applied pursuant to the provision of this Section, such moneys shall be applied at such times, and from time to time, as the Bond Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Bond Trustee shall apply such funds, it shall fix the date (which shall be the Interest Payment Date unless the Bond Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and past-due interest to be paid on such date shall cease to accrue.

Whenever all principal of and interest on all Bonds have been paid under the provisions of this Section and all fees, expenses and charges of the Bond Trustee (including without limitation those of its attorneys) have been paid, any balance remaining in the funds and accounts hereunder shall be paid to the Borrower.

SECTION 7.04. Effect of Delay or Omission to Pursue Remedy. No delay or omission of the Bond Trustee or of any Holder of Bonds to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given by this Article VII to the Bond Trustee or to the Holders of Bonds may be exercised from time to time, and as often as shall be deemed expedient. In case the Bond Trustee shall have proceeded to enforce any right under this Indenture, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Bond Trustee, then and in every such case the Authority and the Bond Trustee, and the Holders of the Bonds, severally and respectively, shall be restored to their former positions and rights hereunder in respect to the trust estate; and all remedies, rights and powers of the Authority, the Bond Trustee and the Holders of the Bonds shall continue as though no such proceedings had been taken.

SECTION 7.05. Remedies Cumulative. No remedy herein conferred upon or reserved to the Bond Trustee or to any Holder of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

SECTION 7.06. Covenant to Pay Bonds in Event of Default. The Authority covenants that, upon the happening of any Event of Default, the Authority shall pay, but only out of Payments, to the Bond Trustee, upon demand, for the benefit of the Holders of the Bonds, the whole amount then due and payable thereon (by declaration or otherwise) for interest and principal as the case may be, and all other sums which may be due hereunder or secured hereby, including reasonable compensation to the Bond Trustee and its agents and counsel and any expenses or liabilities incurred by the Bond Trustee hereunder and, its agents and counsel. In case the Authority shall fail to pay the same forthwith upon such demand, the Bond Trustee, in its own name and as trustee of an express trust, shall be entitled to institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid,

together with costs and reasonable attorneys' fees, subject, however, to the condition that such judgment, if any, shall be limited to, and payable solely out of, Payments as herein provided and not otherwise. The Bond Trustee shall be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of this Indenture, and the right of the Bond Trustee to recover such judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture.

SECTION 7.07. Bond Trustee Appointed Agent for Bondholders. The Bond Trustee is hereby appointed the agent and attorney-in-fact of the Holders of all Bonds Outstanding hereunder for the purpose of filing any claims relating to the Bonds.

SECTION 7.08. Power of Bond Trustee to Control Proceedings. Subject to Section 7.09 hereof, in the event that the Bond Trustee, upon the happening of an Event of Default, shall have taken some action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Holders of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Bond Trustee shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Holders of at least a majority in aggregate principal amount of the Bonds Outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

SECTION 7.09. Limitation on Bondholders' Right to Sue. Notwithstanding any other provision hereof, no Holder of any Bond issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, the Loan Agreement or Obligation No. 3, unless (a) such Holder shall have previously given to the Bond Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Holders of at least a majority in aggregate principal amount of all the Bonds then Outstanding shall have made written request upon the Bond Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Holders shall have tendered to the Bond Trustee indemnity satisfactory to the Bond Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Bond Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Bond Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy hereunder; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Holders of the Outstanding Bonds.

The right of any Holder of any Bond to receive payment of the principal of and interest on such Bond out of Payments and the funds pledged herein, as herein provided, on and after the respective due dates expressed in such Bond, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder, notwithstanding the foregoing provisions of this Section or Section 7.08 of this Indenture or any other provision of this Indenture.

SECTION 7.10. Authority Retained Rights. Nothing in this Article shall limit in any respect the right of the Authority to enforce or waive any of its Retained Rights under the Loan Agreement.

ARTICLE VIII

THE BOND TRUSTEE

SECTION 8.01. Duties, Immunities and Liabilities of Bond Trustee. (a) The Bond Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied duties (including fiduciary duties) shall be imposed on the Bond Trustee. The Bond Trustee shall, during the existence of any Event of Default which has not been cured, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Authority may remove the Bond Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Bond Trustee if at any time requested to do so by the Borrower (unless an Event of Default shall have occurred and then be continuing) or at any time by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Bond Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Bond Trustee or its property shall be appointed, or any public officer shall take control or charge of the Bond Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Bond Trustee, and thereupon shall appoint, with the written consent of the Borrower (unless an Event of Default has occurred and is continuing, at which time consent of the Borrower shall not be required) and Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), a successor Bond Trustee by an instrument in writing.

(c) The Bond Trustee may at any time resign and be discharged from its duties and obligations hereunder by giving written notice of such resignation to the Authority, and by giving the Bondholders notice of such resignation by posting an electronic notice of such resignation through the Depository. Upon receiving such notice of resignation, the Authority shall appoint, with the written consent of the Borrower (unless an Event of Default has occurred and is continuing, at which time consent of the Borrower shall not be required) and Holders of not less

than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), a successor Bond Trustee by an instrument in writing.

(d) Any removal or resignation of the Bond Trustee and appointment of a successor Bond Trustee shall become effective upon acceptance of appointment by the successor Bond Trustee. If no successor Bond Trustee shall have been appointed and have accepted appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the resigning Bond Trustee shall be entitled (at the sole cost and expense of the Authority, including with respect to reasonable attorneys' fees and expenses), or any Bondholder (on behalf of himself and all other Bondholders) may petition any court of competent jurisdiction for the appointment of a successor Bond Trustee or for other appropriate relief, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Bond Trustee, and any such resulting appointment or relief shall be binding upon all of the parties in interest hereto. Any successor Bond Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Bond Trustee a written acceptance thereof, and thereupon such successor Bond Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Bond Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the Authority or the request of the successor Bond Trustee, such predecessor Bond Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and conveying to such successor Bond Trustee all the right, title and interest of such predecessor Bond Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Bond Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Bond Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Bond Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Bond Trustee as provided in this subsection, the Borrower shall mail a notice of the succession of such Bond Trustee to the trusts hereunder to the Bondholders at the addresses shown on the Bond registration books maintained by the Bond Trustee. If the Borrower fails to mail such notice within thirty (30) days after acceptance of appointment by the successor Bond Trustee, the successor Bond Trustee shall cause such notice to be mailed at the expense of the Borrower.

(e) Any Bond Trustee appointed under the provisions of this Indenture shall be a national banking association, a trust institution or banking institution having trust powers, doing business and having a principal corporate trust office in California or, if it shall not have a principal corporate trust office in California, having the power under California law to perform all the duties of the Bond Trustee hereunder as evidenced by an opinion of its counsel, having, or if it is a member of a bank holding company system its parent shall have, a combined capital (exclusive of borrowed capital) and surplus of at least $50,000,000 and subject to supervision or examination by State or federal authorities. In case at any time the Bond Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Bond Trustee shall resign immediately in the manner and with the effect specified in this Section.

(f) Upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Bond Trustee to liability under any Environmental Regulation, the Bond Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action.

SECTION 8.02. Merger or Consolidation. Any company into which any successor Bond Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the successor Bond Trustee, if any, may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of Section 8.01 hereof, shall be the successor to such successor Bond Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 8.03. Rights of Trustee. (a) The recitals of facts herein and in the Bonds contained shall be taken as statements of the Authority, and the Bond Trustee does not assume any responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture, the Loan Agreement or the Bonds, or incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon it. The Bond Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Bond Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(b) The Bond Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bond Trustee was negligent in ascertaining the pertinent facts.

(c) The Bond Trustee shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bond Trustee, or exercising any trust or power conferred upon the Bond Trustee under this Indenture. The permissive right of the Bond Trustee to do things enumerated in this Indenture shall not be construed as a duty, and, with respect to such permissive rights, the Bond Trustee shall not be answerable for other than its negligence or willful misconduct. The Bond Trustee undertakes to perform such duties and only such duties as are specifically and expressly set forth in this Indenture. These duties shall be deemed purely ministerial in nature, and the Bond Trustee shall not be liable except for the performance of such duties, and no implied covenants or obligations shall be read into this Indenture against the Bond Trustee. In no event shall the Bond Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Bond Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(d) The Bond Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Bondholders pursuant to the provisions of this Indenture unless such Bondholders shall have offered to the Bond Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

(e) The Bond Trustee shall not be deemed to have knowledge of any Event of Default other than an Event of Default under Section 7.01(a) or 7.01(b) hereof unless and until a Responsible Officer of the Bond Trustee shall have actual knowledge thereof, or shall have received written notice thereof, at its Principal Corporate Trust Office. Except as otherwise expressly provided herein, the Bond Trustee shall not be bound to ascertain or inquire as to, nor shall the Bond Trustee be responsible for or chargeable with, knowledge of, the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the instruments or documents executed in connection with the Bonds or as to the existence of an Event of Default hereunder. Neither the Bond Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Authority, Borrower, MERF, or any of their directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Bond Trustee may assume performance by all such Persons of their respective obligations. The Bond Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person.

(f) No provision of this Indenture shall require the Bond Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers. The Bond Trustee has no obligation or liability to the Bondholders for the payment of interest or principal with respect to the Bonds. The Bond Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of the Authority pursuant to the provisions of this Indenture, unless the Authority shall have offered to the Bond Trustee security or indemnity (satisfactory to the Bond Trustee in its sole and absolute discretion) against the costs, expenses (including fees and expenses of its attorneys) and liabilities which may be incurred by it in compliance with such request or direction.

(g) The Bond Trustee shall not be bound to ascertain or inquire as to the validity or genuineness of any collateral given to or held by it. The Bond Trustee shall not be responsible for the recording or filing of any document relating to this Indenture or of financing statements (or continuation statements in connection therewith) or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests in any collateral given to or held by it.

(h) The Bond Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

(i) The Bond Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Bond Trustee shall have received an

incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Borrower elects to give the Bond Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Bond Trustee in its discretion elects to act upon such instructions, the Bond Trustee's understanding of such instructions shall be deemed controlling. The Bond Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bond Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Borrower agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Bond Trustee, including without limitation the risk of the Bond Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(j) The Bond Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Bond Trustee and could not have been avoided by exercising due care. Force majeure shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics, quarantine restrictions or other similar occurrences.

(k) The Bond Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, affiliates, or receivers, and shall be entitled to conclusively rely on advice of counsel concerning all matters of trust and its duties hereunder, and the Bond Trustee shall not be answerable for the acts or omissions of any such attorneys, agents, or receivers selected by it with reasonable care.

(l) The Bond Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds.

(m) The Bond Trustee shall not be required to review or inspect, and shall not be deemed to have notice of, the contents of any financial statement delivered to the Bond Trustee, it being expressly understood that the Bond Trustee shall only receive and hold such documents as a repository for examination and copying by any Holder at such Holder's expense during business hours on Business Days with reasonable prior notice.

(n) Upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Bond Trustee to liability under any Environmental Regulation, the Bond Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. The Bond Trustee shall not be required to take any foreclosure action if the approval of a government regulator shall be a condition precedent to taking such action.

(o) Whether or not therein expressly so provided, every provision of this Indenture, the Loan Agreement or related documents relating to the conduct or affecting the liability of or affording protection to the Bond Trustee shall be subject to the provisions of this Article.

(p) To the fullest extent permitted by law and notwithstanding anything in this Indenture to the contrary, the Bond Trustee shall not be personally liable for (i) special, consequential or punitive damages, however styled, including, without limitation, lost profits or (ii) the acts or omissions of any nominee, correspondent, clearing agency, or securities depository through which it holds securities or assets.

SECTION 8.04. Right of Trustee to Rely on Documents. The Bond Trustee may, at the expense of Borrower, request, conclusively rely on and shall be protected in acting upon any notice, requisition, resolution, request, consent, order, certificate, report, opinion, Bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Bond Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in accordance therewith.

The Bond Trustee shall not be bound to recognize any person as the Holder of a Bond unless and until such Bond is submitted for inspection, if required, and his title thereto is satisfactorily established, if disputed.

Whenever in the administration of the trusts imposed upon it by this Indenture the Bond Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Authority or a Certificate of the Borrower, as applicable, and such Certificate shall be full warrant to the Bond Trustee for any action taken or suffered under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Bond Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

SECTION 8.05. Preservation and Inspection of Documents. All documents received by the Bond Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority and any Bondholder, and their agents and representatives duly authorized in writing, at reasonable hours, upon reasonable notice and under reasonable conditions.

SECTION 8.06. Compensation and Indemnification of the Bond Trustee. The Authority (solely from payments received from the Borrower) shall from time to time, subject to any agreement between the Authority and the Bond Trustee then in force, pay to the Bond Trustee compensation for its services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties hereunder of the Bond Trustee, which compensation shall not be limited by any provision of law with respect to the compensation of a trustee of an express trust, and the Authority shall reimburse the Bond Trustee for all its advances

(with interest on such advances at the maximum rate allowed by law) and expenditures, including but not limited to advances to and fees and expenses of independent accountants, counsel (including in-house counsel to the extent not duplicative of other counsel's work) and engineers or other experts employed by it, and reasonably required, in the exercise and performance of its powers and duties hereunder. The rights of the Bond Trustee to compensation for services and to payment or reimbursement for expenses, disbursements, liabilities and advances shall have a lien prior to the Bonds in respect of all property and funds held or collected by the Bond Trustee. The Authority covenants and agrees to indemnify the Bond Trustee (solely from Payments received from the Borrower) against any loss, expense and liability (other than those which are due to the Bond Trustee's negligence or willful misconduct) which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability. The obligations of the Authority under this Section shall survive resignation or removal of the Bond Trustee hereunder and payment of the Bonds and discharge of this Indenture.

ARTICLE IX

MODIFICATION OF INDENTURE

SECTION 9.01. Modification Without Consent of Bondholders. Subject to the conditions and restrictions contained in this Indenture, the Authority and the Bond Trustee, from time to time and at any time may enter into an indenture or indentures supplemental hereto, which indenture or indentures thereafter shall form a part hereof, including, without limitation, for one or more of the following purposes, provided that the Authority and the Bond Trustee shall have received an Opinion of Bond Counsel to the effect that such amendment or modification will not cause the interest on the Tax-Exempt Bonds to be included as gross income for federal income tax purposes and that such amendment or modification is permitted by this Indenture:

(a) to add to the covenants and agreements of the Authority contained in this Indenture, other covenants and agreements thereafter to be observed, or to assign or pledge additional security for the Bonds, or to surrender any right or power herein reserved to or conferred upon the Authority; provided such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing, correcting or supplementing any defective provision, contained in this Indenture, or in regard to such matters or questions arising under this Indenture as the Authority may deem necessary or desirable and not inconsistent with this Indenture; provided such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds;

(c) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof or thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939, as amended,

or similar federal statute; provided such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds;

(d) in connection with an amendment of any agreement permitted by Section 6.06 hereof for the purpose of conforming the terms, conditions and covenants of this Indenture to the corresponding or related provisions of such amended agreement;

(e) to modify or amend the Project and Exhibit A of the Loan Agreement;

(f) to modify or eliminate the book-entry registration system for the Bonds; or

(g) to comply with requirements of a Rating Agency in order to obtain or maintain a rating on any Bonds.

Any supplemental indenture authorized by the provisions of this Section 9.01 may be executed by the Authority and the Bond Trustee without the consent of the Holders of any of the Bonds at the time Outstanding, notwithstanding any of the provisions of Section 9.02 hereof, but the Bond Trustee shall not be obligated to enter into any such supplemental indenture which affects the Bond Trustee's own rights, duties or immunities under this Indenture or otherwise.

The Bond Trustee shall mail an executed copy of a supplemental indenture authorized by this Section 9.01 and any document related thereto or executed in connection therewith to the Borrower and each Rating Agency then rating the Bonds promptly after execution by the Authority and the Bond Trustee.

SECTION 9.02. Modification With Consent of Bondholders. With the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding), the Authority and the Bond Trustee may from time to time and at any time, with an Opinion of Bond Counsel to the effect that such amendment or modification will not, in and of itself, cause the interest on the Tax-Exempt Bonds to be included as gross income for federal income tax purposes, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture; provided, however that no such supplemental indenture shall (1) extend the fixed maturity of any Bonds or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof without the consent of the Holders of such Bonds, or (2) reduce the aforesaid percentage of Holders of Bonds whose consent is required for the execution of such supplemental indentures or extend the time of payment or permit the creation of any lien on the Payments or the assets pledged herein prior to or on a parity with the lien of this Indenture or deprive the Holders of the Bonds of the lien created by this Indenture upon the Payments or the assets pledged herein, without the consent of the Holders of not less than eighty percent (80%) of the aggregate principal amount of the Bonds then Outstanding. Upon the filing with the Bond Trustee of evidence of the consent of required Bondholders, as aforesaid, the Bond Trustee shall join with the Authority in the execution of such supplemental indenture unless such supplemental indenture affects the Bond Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Bond Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Bondholders under this Section 9.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Authority and the Bond Trustee of any supplemental indenture pursuant to the provisions of this Section, the Bond Trustee shall mail notice to the Borrower and the Bondholders at the addresses shown on the Bond registration books maintained by the Bond Trustee, at the expense of the Borrower. Any failure of the Bond Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

The Bond Trustee shall mail an executed copy of such supplemental indenture and any amendment of the Loan Agreement permitted under Section 6.06 hereof to the Borrower, each Rating Agency then rating the Bonds promptly after execution by the Authority, the Bond Trustee, and in the case of the Loan Agreement, the Borrower.

SECTION 9.03. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions of this Article IX this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the Bond Trustee and all Holders of Outstanding Bonds shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.04. Opinion of Counsel as to Supplemental Indenture. Subject to the provisions of Section 8.04 of this Indenture and the requirement in Sections 9.01 and 9.02 hereof for an Opinion of Bond Counsel, the Bond Trustee and the Authority may receive an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to the provisions of this Article IX complies with the requirements of this Article IX and shall have no liability to Holders in excluding any Supplemental Indenture in reliance on an Opinion of Bond Counsel.

SECTION 9.05. Notation of Modification on Bonds; Preparation of New Bonds. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article IX may bear a notation, in form approved by the Authority, as to any matter provided for in such supplemental indenture, and if such supplemental indenture shall so provide, new Bonds, so modified as to conform, in the opinion of the Authority, to any modification of this Indenture contained in any such supplemental indenture, may be prepared by the Authority, authenticated by the Bond Trustee and delivered without cost to the Holders of the Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts.

ARTICLE X

DEFEASANCE

SECTION 10.01. Discharge of Indenture. (a) Bonds may be paid or caused to be paid in any of the following ways, provided that any other sums payable hereunder have also been paid or caused to be paid:

(i) by paying or causing to be paid the principal of and interest on the Bonds Outstanding as and when the same become due and payable;

(ii) by depositing with the Bond Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03 hereof) to pay or redeem Bonds Outstanding; or

(iii) by delivering to the Bond Trustee, for cancellation by it, all Bonds Outstanding.

(b) If all Bonds then Outstanding are paid or caused to be paid as provided above and all other sums payable hereunder shall also be paid or caused to be paid, and if the Borrower shall have paid all Additional Payments and any indemnification owed to the Authority and any other fees and expenses payable to the Authority pursuant to the Loan Agreement, then and in that case, at the election of the Borrower (evidenced by a Certificate of the Borrower, filed with the Bond Trustee, signifying the intention to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Payments made under this Indenture and all covenants, agreements and other obligations of the Authority under this Indenture shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 10.02 hereof. In such event, upon request of the Borrower, the Bond Trustee shall cause an accounting for such period or periods as may be requested by the Borrower to be prepared and filed with the Borrower and shall execute and deliver to the Borrower all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Bond Trustee shall pay over, transfer, assign or deliver to the Borrower all moneys or securities or other property held by it pursuant to this Indenture which are not required for the payment of Bonds not theretofore surrendered for such payment and which are not required for the payment of fees and expenses of the Bond Trustee.

SECTION 10.02. Discharge of Liability on Bonds. Upon the deposit with the Bond Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03 hereof) to pay any Outstanding Bond, whether upon or prior to its maturity, then all liability of the Authority in respect of such Bond shall cease, terminate and be completely discharged, except only that thereafter the Holder thereof shall be entitled to payment of the principal of and interest on such Bond, but only out of the money or securities deposited with the Bond Trustee as aforesaid for its payment; provided further, however, that the provisions of Section 10.04 hereof shall apply in all events.

The Bonds may at any time be surrendered to the Bond Trustee for cancellation by the Authority or the Borrower, which may have been acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

SECTION 10.03. Deposit of Money or Securities With Bond Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Bond Trustee money or securities in the amount necessary to pay any Bonds, such amount (which may include money or securities held by the Bond Trustee in the funds established pursuant to this Indenture) shall be equal (taking into account income which will accrue from the investment thereof on the date of deposit of such funds but without taking into account any income from the subsequent reinvestment thereof) to the principal amount of such Bonds and all unpaid interest thereon to maturity, and shall be:

(a) lawful money of the United States of America; or

(b) noncallable bonds, bills and bonds issued by the Department of the Treasury (including without limitation (1) obligations issued or held in book-entry form on the books of the Department of the Treasury and (2) the interest component of Resolution Funding Corporation strips for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form), United States Treasury Obligations State and Local Government Series and Zero Coupon United States Treasury Bonds;

provided, in each case, that the Bond Trustee shall have been irrevocably instructed in writing (by the terms of this Indenture or by Request of the Borrower or the Authority) to apply such money to the payment of such principal of and interest on such Bonds and provided, further, that the Authority and the Bond Trustee shall have received (i) an Opinion of Bond Counsel to the effect that such deposit shall not cause interest on the Tax-Exempt Bonds to be included in the gross income of the Holder thereof for federal income tax purposes and that the Bonds to be discharged are no longer Outstanding; and (ii) a verification report of a firm of certified public accountants or other financial services firm acceptable to the Bond Trustee verifying that the money or securities so deposited or held together with earnings thereon will be sufficient to make all payments of principal of and interest on the Bonds to be discharged to and including their maturity date.

SECTION 10.04. Payment of Bonds After Discharge of Indenture. Notwithstanding any provision of this Indenture, and subject to applicable escheat laws, any moneys held by the Bond Trustee in trust for the payment of the principal of or interest on any Bonds and remaining unclaimed for one year after the principal of all the Outstanding Bonds has become due and payable (whether at maturity or by declaration as provided in this Indenture), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall be repaid to the Borrower free from the trusts created by this Indenture, and all liability of the Bond Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Borrower as aforesaid, the Bond Trustee may (at the expense of the Borrower) first mail to the Holders of Bonds which have not yet been paid, at the addresses shown on the registration books maintained by the Bond Trustee, a notice, in such form as may be deemed appropriate by the Bond Trustee, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Borrower of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Liability of Authority Limited to Payments. Principal of and interest on the Bonds is payable solely from Payments. Neither the State nor the Authority shall be obligated to pay the Bonds or the interest thereon except from certain Payments set forth herein, and neither the faith and credit nor the taxing power of the State or of any political subdivision thereof shall be pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment. The Authority shall not be treated or deemed as having incurred any liability hereunder or by reason of or in connection with this Indenture, the Loan Agreement or any of the transactions contemplated by any thereof except to the extent payable from certain Payments set forth herein or other amounts available therefor under and pursuant to this Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes of this Indenture any funds of the Authority which may be made available to it for such purposes.

SECTION 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Authority or the Bond Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority or the Bond Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 11.03. Limitation of Rights to Parties, Borrower and Bondholders. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Bond Trustee, the Borrower and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Bond Trustee, the Borrower and the Holders of the Bonds.

SECTION 11.04. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 11.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Bond Trustee and the delivery to the Authority of any Bonds, the Bond Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds and, at the request of the Authority deliver a certificate of such destruction to the Authority.

SECTION 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable

from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

SECTION 11.07. Notices. Unless otherwise provided herein, all notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given (a) if hand delivered or delivered by courier, when delivered to the appropriate notice address, or (b) if mailed by first class mail, postage prepaid, six Business Days after deposit in the United States mail addressed to the appropriate notice address. Any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day. The parties listed below may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice required or permitted hereunder shall be directed to the following notice address:

As to the Authority:	California School Finance Authority State Treasurer's Office 300 South Spring Street, Suite 8500 Los Angeles, California 90013 Attention: Executive Director Telecopy: (213) 620-6309
As to the Borrower:	Magnolia Properties Management, Inc. 250 E. First Street, Suite 1500 Los Angeles, California 90012 Attention: Chief Executive Officer
As to Bond Trustee:	UMB Bank, National Association 2 South Broadway, Suite 600 St. Louis, Missouri 63102 Attention: Brian Krippner (314) 612-8480 Brian.krippner@umb.com

SECTION 11.08. Evidence of Rights of Bondholders. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Bond Trustee and of the Authority if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the bond registration books held by the Bond Trustee.

Any request, consent, or other instrument or writing of the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Bond Trustee or the Authority in accordance therewith or reliance thereon.

SECTION 11.09. Disqualified Bonds. In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Authority or the Borrower or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the Borrower shall be disregarded and deemed not to be Outstanding for the purpose of any such determination except that only the Bonds which a responsible officer of the Bond Trustee knows are so owned shall be so disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Bond Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the Borrower. In case of a dispute as to such right, any decision by the Bond Trustee taken upon the advice of counsel shall be full protection to the Bond Trustee. Upon request of the Bond Trustee, the Authority and the Borrower shall specify in a certificate to the Bond Trustee those Bonds disqualified pursuant to this Section and the Bond Trustee may conclusively rely on such certificate.

SECTION 11.10. Money Held for Particular Bonds. The money held by the Bond Trustee for the payment of the interest, principal due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto.

SECTION 11.11. Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Bond Trustee may be established and maintained in the accounting records of the Bond Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable, and with due regard for the requirements of Sections 5.12 and 6.09 hereof (and the Tax Certificate) and for the protection of the security of the Bonds and the rights of every Holder thereof.

SECTION 11.12. Waiver of Personal Liability. No member, officer, director, official, agent, attorney, or employee of the Authority shall be individually or personally liable for the payment of the principal (or redemption price) of or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, director, official, agent, attorney, or employee from the performance of any official duty provided by law or by this Indenture.

SECTION 11.13. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Bond Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 11.14. Governing Law; Venue. The laws of the State of California govern all matters arising out of or relating to this Indenture and the Bonds, including, without limitation, their validity, interpretation, construction, performance, and enforcement. Any party bringing a legal action or proceeding against any other party arising out of or relating to this Indenture shall bring the legal action or proceeding in Sacramento County Superior Court, Sacramento, California, unless the Authority waives this requirement in writing. Each party agrees that the exclusive (subject to waiver as set forth herein) choice of forum set forth in this section does not prohibit the enforcement of any judgment obtained in that forum or any other appropriate forum. Each party waives, to the fullest extent permitted by law, (a) any objection which may now or later have to the laying of venue of any legal action or proceeding arising out of or relating to this Indenture brought in the Sacramento County Superior Court, Sacramento, California, and (b) any claim that any such action or proceeding brought in such court has been brought in an inconvenient forum.

SECTION 11.15. Complete Agreement. This Indenture represents the complete agreement between the parties with respect to the Bonds and related matters.

SECTION 11.16. Transaction by Electronic Means. Each of the parties hereto agrees that the transaction consisting of this agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this agreement using an electronic signature, it is signing, adopting, and accepting this agreement and that signing this agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this agreement in a usable format.

SECTION 11.17. Action to Be Taken on Days Other Than Business Days. Except as otherwise provided herein, whenever this Indenture requires any action to be taken on a day which is not a Business Day, such action shall be taken on the next succeeding Business Day with the same force and effect as if taken on such day. If any payment is made on the next Business Day as aforesaid, no interest shall accrue for the intervening period.

IN WITNESS WHEREOF, the CALIFORNIA SCHOOL FINANCE AUTHORITY has caused this Indenture to be signed in its name by a Deputy Treasurer for the Chairperson and its Executive Director, and UMB Bank, National Association, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its name by a deputy hereunto duly authorized, all as of the day and year first above written.

CALIFORNIA SCHOOL FINANCE AUTHORITY

By:_____
Deputy Treasurer For Chairperson,
State Treasurer, Fiona Ma

By:_____
Executive Director

UMB BANK, NATIONAL ASSOCIATION,
as Bond Trustee

By:_____
Authorized Officer

EXHIBIT A

FORM OF BOND

THIS BOND IS SUBJECT TO TRANSFER RESTRICTIONS AS SET FORTH IN THE INDENTURE (DEFINED HEREIN). BY POSSESSION OF THIS BOND, THE HOLDER CERTIFIES THAT IT IS A QUALIFIED INSTITUTIONAL BUYER OR AN ACCREDITED INVESTOR AS DEFINED IN THE INDENTURE. THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS BOND, ACKNOWLEDGES THAT THIS BOND MAY ONLY BE REGISTERED IN THE NAME OF, OR TRANSFERRED TO, OR BENEFICIAL OWNERSHIP CAN ONLY BE HELD BY, A "QUALIFIED INSTITUTIONAL BUYER" OR AN "ACCREDITED INVESTOR." THE TRANSFER RESTRICTIONS HEREOF MAY BE REMOVED ONLY PURSUANT TO CERTAIN PROVISIONS OF THE INDENTURE. IN THE EVENT SUCH RESTRICTIONS ARE REMOVED, THE BOND TRUSTEE SHALL INFORM THE HOLDER OF THIS BOND.

THE BONDS ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE CALIFORNIA SCHOOL FINANCE AUTHORITY, AND ARE NOT AND SHALL NOT BE DEEMED TO BE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE BONDS, OR THE REDEMPTION PREMIUM, IF ANY, OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED THEREFOR UNDER THE INDENTURE. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER. NOTHING IN THE INDENTURE, THE ACT OR OTHERWISE IS AN UNDERTAKING BY THE AUTHORITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO FUND THE TRANSFERS DESCRIBED IN THE INTERCEPT NOTICE OR TO MAKE FUNDS AVAILABLE TO THE SCHOOL IN ANY AMOUNT OR AT ANY TIME.

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR

OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

REGISTERED REGISTERED

No. R-__ $_____

CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(MAGNOLIA PUBLIC SCHOOLS – OBLIGATED GROUP)
SERIES 2026[C][D (TAXABLE)]

Rate of Interest:	**Maturity Date:**	**Dated Date:**	**CUSIP:**
___%	July 1, 20__	November [__], 2026	13058T___

Registered Owner: Cede & Co.

Principal Amount: _____ DOLLARS

CALIFORNIA SCHOOL FINANCE AUTHORITY, a public instrumentality of the State of California (the "Authority"), for value received, hereby promises to pay (but only out of the Payments and other assets pledged therefor as hereinafter mentioned) to CEDE & CO. or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter mentioned), the principal sum of _____ DOLLARS ($_____), in lawful money of the United States of America; and to pay interest thereon (but only from said Payments and other assets pledged therefor) in like lawful money from the date hereof until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the rate stated above, payable on January 1 and July 1 of each year, commencing on July 1, 2027. The principal (or redemption price) hereof is payable at the Principal Corporate Trust Office (as defined in the Indenture) of UMB Bank, National Association (together with any successor Bond Trustee as provided in the Indenture, as defined below, the "Bond Trustee"). Interest hereon is payable by check mailed on each interest payment date to the registered owner hereof as of the fifteenth day of the month immediately preceding the month in which such interest payment date occurs (except with respect to defaulted interest) (the "Record Date") at the address appearing on the bond registration books maintained by the Bond Trustee; provided, however, that the holder of $1,000,000 or more in aggregate principal amount of Bonds may be paid by wire transfer to an account within the United States of America upon written request filed with the Bond Trustee by the applicable Record Date for such payment.

Principal of and interest on the Bonds is payable solely from Payments. Neither the State nor the Authority shall be obligated to pay the Bonds or the interest thereon except from certain Payments set forth in the Indenture, and neither the faith and credit nor the taxing power of the State or of any political subdivision thereof shall be pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly or indirectly or contingently obligate the State or any political subdivision thereof to levy or to pledge any form of taxation

whatever therefor or to make any appropriation for their payment. The Authority shall not be treated or deemed as having incurred any liability under the Indenture or by reason of or in connection with the Indenture, the Loan Agreement or any of the transactions contemplated by any thereof except to the extent payable from certain Payments set forth in the Indenture or other amounts available therefor under and pursuant to the Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes of the Indenture any funds of the Authority which may be made available to it for such purposes. The Bonds are not a debt of the State of California and said State is not liable for payment thereof.

This Bond is entitled "California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026[C][D (Taxable)]" (herein called the "Bonds"), limited in aggregate principal amount _____ dollars ($_____) and issued pursuant to the provisions of the California School Finance Authority Act (constituting Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State of California) (herein called the "Act") and an indenture, dated as of November 1, 2026, between the Authority and the Bond Trustee (herein called the "Indenture").

The Bonds are issuable only as fully registered Bonds in denominations of $25,000 and any integral multiple of $5,000 in excess thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Bonds may be exchanged, at the Principal Corporate Trust Office, for a like aggregate principal amount of Bonds of other authorized denominations.

Reference is hereby made to the Indenture (a copy of which is on file at said Principal Corporate Trust Office) and all indentures supplemental thereto, to the Loan Agreement (a copy of which is on file at said Principal Corporate Trust Office) and to the Act for a description of the rights thereunder of the registered owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Bond Trustee and of the rights and obligations of the Authority thereunder, to all the provisions of which Indenture and Loan Agreement the registered owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds are secured by a pledge and assignment of Payments and of amounts held in the funds and accounts (other than the Rebate Fund) established pursuant to the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

The Bonds are subject to redemption prior to their stated maturity, at the times and redemption prices, upon the notice and subject to the terms and conditions set forth in the Indenture. If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

This Bond is transferable by the registered owner hereof, in person or by such person's attorney duly authorized in writing, at the Principal Corporate Trust Office, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a Bond or Bonds, of authorized denomination or denominations and for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Authority and the Bond Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Authority and the Bond Trustee shall not be affected by any notice to the contrary.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the provisions of the Act and by the Constitution and laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Act, or by the Constitution and laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Bond Trustee.

This Bond shall be construed in accordance with and governed by the Constitution and the laws of the State of California applicable to contracts made and performed in the State of California.

IN WITNESS WHEREOF, the California School Finance Authority has caused this Bond to be executed in its name and on its behalf by the facsimile signature of its Chairperson, as of the Dated Date recited above.

CALIFORNIA SCHOOL FINANCE AUTHORITY

By: _____
Chairperson

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated and registered this November [__], 2026.

UMB BANK, NATIONAL ASSOCIATION,
as Bond Trustee

By_____
Authorized Officer

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

_____

(print or type name, address, taxpayer identification no.
and zip code of assignee)

the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Bond Trustee with full power of substitution in the premises.

Dated: _____ _____

Signature

BOND: The signature to the assignment must correspond to the name as written on the face of this Bond in every particular, without any alteration or change whatsoever.

Signature Guaranteed By: _____

BOND: The signature(s) to the assignment must be guaranteed by an eligible guarantor institution.

EXHIBIT B

FORM OF INVESTOR LETTER

[As Identified in the Limited Offering Memorandum]

EXHIBIT C

FORM OF REQUISITION FROM THE PROJECT FUND

The undersigned authorized representative of Magnolia Properties Management, Inc., a California nonprofit public benefit corporation (the "Borrower") hereby requests UMB Bank National Association, as trustee (the "Trustee") under that certain Indenture, dated as of November 1, 2026, between the California School Finance Authority and the Trustee, to pay to the Persons listed on Schedule I attached hereto, the amounts shown for the purposes indicated from the Project Fund established and maintained under the Indenture.

The Borrower hereby certifies that (a) obligations in amounts stated in this Requisition have been incurred by the Borrower and are presently due and payable (or have been paid and are eligible for reimbursement) and each item is a proper charge against the Project Fund and has not been previously paid from the Project Fund; (b) there has not been filed with or served upon the Borrower any notice of claim of lien, or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in this Requisition, that has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law; (c) no Event of Default has occurred under the Loan Agreement; and (d) this draw request meets the requirements of the Loan Agreement.

With respect to this disbursement, the Borrower (i) certifies it has reviewed any wire instructions set forth herein to confirm such wire instructions are accurate, (ii) agrees to indemnify and hold harmless the Bond Trustee from and against any and all claim, demand, loss, liability, or expense sustained, including but not limited to attorney fees, and expenses resulting directly or indirectly as a result of making the disbursement requested hereunder, and (iii) agrees it will not seek recourse from the Bond Trustee as a result of losses incurred by it for making the disbursement in accordance with its instructions herein.

All payments shall be made by check or wire transfer in accordance with payment instructions contained in Schedule I and the Trustee shall have no duty or obligation to authenticate such payment instructions or the authorization thereof.

Dated: _____

MAGNOLIA PROPERTIES MANAGEMENT, INC.

By: _____

Schedule I

(PROJECT FUND REQUISITION)

Item #	Payee Name/Address	Amount	Purpose

EXHIBIT D

FORM OF REQUISITION FROM THE REPAIR AND REPLACEMENT FUND

The undersigned authorized representative of Magnolia Properties Management, Inc. (the "Borrower"), a California nonprofit public benefit corporation, hereby requests UMB Bank, National Association, as bond trustee (the "Bond Trustee") under that certain Indenture, dated as of November 1, 2026, between the California School Finance Authority and the Bond Trustee, to pay to the Persons listed on Schedule I attached hereto, the amounts shown for the purposes indicated from the Repair and Replacement Fund established and maintained under the Indenture.

The Borrower hereby certifies that (a) obligations in amounts stated in this Requisition have been incurred by the Borrower and are presently due and payable and each item is a proper charge against the Repair and Replacement Fund and has not been previously paid from the Repair and Replacement Fund; and (b) there has not been filed with or served upon the Borrower any notice of claim of lien, or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in this Requisition, that has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

All payments shall be made by check or wire transfer in accordance with payment instructions contained in Schedule I and the Bond Trustee shall have no duty or obligation to authenticate such payment instructions or the authorization thereof.

With respect to this disbursement, the Borrower (i) certifies it has reviewed any wire instructions set forth herein to confirm such wire instructions are accurate, (ii) agrees to indemnify and hold harmless the Bond Trustee from and against any and all claim, demand, loss, liability, or expense sustained, including but not limited to attorney fees, and expenses resulting directly or indirectly as a result of making the disbursement requested hereunder, and (iii) agrees it will not seek recourse from the Bond Trustee as a result of losses incurred by it for making the disbursement in accordance with its instructions herein.

Dated: _____

MAGNOLIA PROPERTIES MANAGEMENT, INC.,
a California nonprofit public benefit corporation

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Schedule I

(REPAIR AND REPLACEMENT FUND REQUISITION)

ITEM NO.	NAME/ADDRESS	AMOUNT	PURPOSE

$_____
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(MAGNOLIA PUBLIC SCHOOLS – OBLIGATED GROUP)
SERIES 2026C

and

$_____
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(MAGNOLIA PUBLIC SCHOOLS – OBLIGATED GROUP)
SERIES 2026D (TAXABLE)

BOND PURCHASE AGREEMENT

October __, 2026

The Honorable Fiona Ma
Treasurer of the State of California
P.O. Box 942809
Sacramento, California 94209-0001

Magnolia Educational & Research Foundation
250 East 1st Street
Los Angeles, California 90012

California School Finance Authority
300 S. Spring Street, Suite 8500
Los Angeles, California 90013

Magnolia Properties Management, Inc.
250 East 1st Street
Los Angeles, California 90012

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the California School Finance Authority (the "Authority"), the Honorable Fiona Ma, Treasurer of the State of California (the "State Treasurer"), as agent for sale on behalf of the Authority, Magnolia Properties Management, Inc. (the "Borrower"), a California nonprofit public benefit corporation, and Magnolia Educational & Research Foundation, a California nonprofit public benefit corporation (or the "Lessee"), operating charter schools established pursuant to the Charter Schools Act of 1992, as amended. Upon the State Treasurer's and the Authority's acceptance hereof, and approval by the Borrower and the Lessee, this offer will become binding upon the State Treasurer, the Authority, the Borrower, the Lessee and the Underwriter. This offer is made subject to the written acceptance by the State Treasurer and the Authority and approval by the Borrower and the Lessee by delivery of an executed counterpart hereof at or prior to 11:00 p.m., Pacific Time, on this date or on such later date as shall have been consented to by the Underwriter. Capitalized terms used in this Bond Purchase Agreement and not defined herein shall have the meanings ascribed thereto in the Bond Indenture, as defined below.

1. Sale of the Bonds.

(a) Upon the basis of the representations, warranties and agreements herein set forth and subject to the terms and conditions contained herein, the Underwriter hereby agrees to purchase from the State Treasurer, as agent for sale on behalf of the Authority, and the

State Treasurer, as agent for sale on behalf of the Authority, hereby agrees to sell and deliver to the Underwriter, all (but not less than all) of the California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026C, in the aggregate principal amount of $_____ (the "Series 2026C Bonds") and the California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026D (Taxable), in the aggregate principal amount of $_____ (the "Series 2026D Bonds" and together with the Series 2026C Bonds, the "Bonds").

The State Treasurer, the Authority, and the Underwriter acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length, commercial transaction among the State Treasurer, the Authority, and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as an agent, advisor or fiduciary of the State Treasurer or the Authority; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the State Treasurer or the Authority with respect to this Bond Purchase Agreement, the offering of the Bonds and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter, or any affiliate of the Underwriter, has provided other services or is currently providing other services to the State Treasurer or the Authority on other matters); (iii) the only contractual obligations the Underwriter has to the State Treasurer and the Authority with respect to the transactions contemplated hereby are those set forth in this Bond Purchase Agreement; (iv) the Underwriter has financial and other interests that differ from those of the State Treasurer and the Authority; and (v) the State Treasurer and the Authority have consulted with their own legal, accounting, tax, financial and other advisors, as applicable, to the extent they have deemed appropriate. Nothing in this paragraph is intended to limit the Underwriter's obligations of fair dealing under Rule G-17 promulgated by the Municipal Securities Rulemaking Board (the "MSRB").

The Borrower, the Lessee and the Underwriter acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length, commercial transaction among the Borrower, the Lessee and the Underwriter in which the Underwriter is acting solely as a principal and is not acting as an agent, advisor or fiduciary of the Borrower or the Lessee; (ii) the Underwriter has not assumed any advisory or fiduciary responsibility to the Borrower or the Lessee with respect to this Bond Purchase Agreement, the offering of the Bonds and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter, or any affiliate of the Underwriter, has provided other services or is currently providing other services to the Borrower or the Lessee on other matters), (iii) the only contractual obligations the Underwriter has to the Borrower or the Lessee with respect to the transactions contemplated hereby are those set forth in this Bond Purchase Agreement, (iv) the Underwriter has financial and other interests that differ from those of the Borrower and the Lessee, and (v) the Borrower and the Lessee have consulted with their own legal, accounting, tax, financial and other advisors, as applicable, to the extent they have deemed appropriate. Nothing in this paragraph is intended to limit the Underwriter's obligations of fair dealing under Rule G-17 promulgated by the MSRB.

The Underwriter will purchase the Bonds at a price of $_____ (being the aggregate principal amount of the Bonds of $_____, minus net original issue discount of $_____, less an Underwriter's discount of $_____). The Bonds will be issued pursuant to the Constitution and laws of the State of California (the "State") and

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particularly under and pursuant to Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the California Education Code (the "Act"), and an Indenture, dated as of November 1, 2026 (the "Bond Indenture"), by and between the Authority and UMB Bank, National Association, as trustee (the "Trustee"). The Bonds will mature in the amounts and on the dates, and bear interest at the rates per annum, and shall be subject to redemption prior to maturity as set forth in EXHIBIT A hereto.

The Authority will loan the proceeds of the sale of the Bonds (the "Loan") to the Borrower pursuant to a loan agreement, dated as of November 1, 2026 (the "Loan Agreement"), by and between the Authority and the Borrower and accepted and acknowledged by MPM 18120 Sherman Way LLC ("MPM 18120 Sherman Way") and MPM 16600 Vanowen Street LLC ("MPM Vanowen Street"), which proceeds will be used to (i) finance and/or refinance a portion of the costs of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of certain public charter school facilities (a) located at 18120 Sherman Way, Reseda, California 91335 (the "MSA-1/7 Facility"), and (b) located at 16600 Vanowen Street, Los Angeles, California 91406 (the "MSA-2 Facility"); and (ii) pay the costs of issuance of the Bonds.

Each of MPM 18120 Sherman Way and MPM Vanowen Street are California limited liability companies, the sole member of each of which is the Borrower. MPM 18120 Sherman Way will lease the MSA-1/7 Facility to the Lessee pursuant to a Lease Agreement, dated November 1, 2026 (the "MSA-1/7 Facility Lease"). MPM Vanowen Street will lease the MSA-2 Facility to the Lessee pursuant to a Lease Agreement, dated November 1, 2026 (the "MSA-2 Facility Lease" and, collectively with the MSA-1/7 Facility Lease, the "Series 2026CD Leases").

The Bonds and the interest thereon are payable solely out of certain revenues and income received by the Authority or the Trustee pursuant to the Loan Agreement and Obligation No. 3 relating to the Bonds ("Obligation No. 3") issued by the Borrower in an amount equal to the aggregate principal amount of the Bonds pursuant to an Master Indenture of Trust, dated as of April 1, 2025 (the "Master Indenture"), as supplemented and amended, including by a Supplemental Master Indenture for Obligation No. 3, dated as of November 1, 2026 (the "Third Supplemental Master Indenture"), each by and between the Borrower, as representative of the Obligated Group, and UMB Bank, National Association, as master trustee (the "Master Trustee"). The Obligated Group comprises MPM Santa Ana, MPM Sherman Way LLC, MPM San Diego LLC, MPM 18120 Sherman Way, and MPM Vanowen Street (each, a "Member" and collectively, the "Members"), each of which is a California limited liability company, the sole member of each of which is the Borrower.

Pursuant to the Master Indenture, (a) MPM 18120 Sherman Way will deliver a Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing in favor of the Master Trustee on its fee interest in the MSA-1/7 Facility, and (b) MPM Vanowen Street will deliver a Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing in favor of the Master Trustee on its fee interest in the MSA-2 Facility (collectively the "Series 2026CD Deeds of Trust").

Simultaneously with the issuance of the Bonds, the Lessee will provide to the Controller of the State of California (the "Controller"), a notice (the "Intercept Notice") with respect to each of Magnolia Science Academy 1 ("MSA-1"), Magnolia Science Academy 2

("MSA-2"), and Magnolia Science Academy 7 ("MSA-7"), including in each case schedules of transfers to the Trustee for amounts to become due and payable on the Bonds to intercept certain amounts apportioned by the State (the "Intercept") pursuant to Section 17199.4 of the Act.

To ensure compliance with the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the Borrower, the Lessee and KNN Public Finance, LLC, as dissemination agent, will execute and deliver a continuing disclosure agreement (the "Continuing Disclosure Agreement") pursuant to which the Lessee will annually prepare and provide audited financial statements and specified other information, as well as provide notices of certain enumerated events.

The Authority approved the issuance of the Bonds and certain related matters pursuant to Resolution No. 26-__ adopted on September 24, 2026 (the "Resolution").

(b) The Borrower and the Lessee have cooperated in the preparation and delivery to the Underwriter of the Limited Offering Memorandum, dated the date hereof, substantially in the form of the Preliminary Limited Offering Memorandum relating to the Bonds, dated October __, 2026 (the "Preliminary Limited Offering Memorandum"), with only such changes therein as have been accepted by the Underwriter (the Preliminary Limited Offering Memorandum with such changes, and including the cover page and all appendices, exhibits, reports and statements included therein or attached thereto, the "Limited Offering Memorandum"), executed by the Borrower and the Lessee in such quantities as the Underwriter shall reasonably request. The Borrower, on behalf of itself and the Lessee, hereby confirms its authorization to the Underwriter to use the Preliminary Limited Offering Memorandum and Limited Offering Memorandum in connection with the sale of the Bonds.

(c) At 9:00 A.M., Pacific Time, on November __, 2026, or at such other time or on such earlier or later date as we may mutually agree upon (the "Closing Date"), the Authority will deliver or cause to be delivered to such place as we may mutually agree upon, the Bonds, bearing proper CUSIP numbers, duly executed, and the other documents hereinafter mentioned at the offices of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel") in San Francisco, California; and, subject to the conditions of this Bond Purchase Agreement, the Underwriter will cause payment to be made of the purchase price thereof as set forth in paragraph (a) of this Section by federal funds wire payable to the order of the Trustee (such delivery and payment being herein referred to as the "Closing"). Upon initial issuance, the ownership of the Bonds will be registered in such names and in such denominations as the Underwriter shall specify.

(d) Not later than ten calendar days after the Closing Date, the Underwriter shall submit to the Authority the report referenced by Section 1899.532 of Article 4 of Subchapter 4 of Chapter 4, Division 2 of Title 2 of the California Code of Regulations.

(e) The Underwriter has entered into this Bond Purchase Agreement in reliance upon (i) the representations and warranties of the Authority contained herein, (ii) the representations and warranties of the Borrower and the Lessee contained herein, (iii) the certificates of the Authority, the Borrower, the Lessee and the Trustee to be delivered pursuant hereto and (iv) the opinions of Bond Counsel, counsel to the Authority, counsel to the Trustee, and counsel to the Borrower and the Lessee required to be delivered hereby.

The Bond Indenture, the Loan Agreement and this Bond Purchase Agreement are sometimes collectively referred to herein as the "Authority Documents."

The Loan Agreement, this Bond Purchase Agreement, the Continuing Disclosure Agreement, the Master Indenture, the Third Supplemental Master Indenture, Obligation No. 3, and the Tax Certificate and Agreement (the "Tax Certificate"), dated the Closing Date, by and among the Authority, the Borrower and the Lessee relating to the Series 2026C Bonds, are sometimes collectively referred to herein as the "Borrower Documents."

The Loan Agreement, this Bond Purchase Agreement, the Master Indenture, the Third Supplemental Master Indenture, the Deeds of Trust, the Series 2026CD Leases, and the Subordination, Nondisturbance and Attornment Agreements, each dated November 1, 2026, by and among the Master Trustee, the Lessee, and each of MPM 18120 Sherman Way and MPM Vanowen Street (each, an "SNDA"), are sometimes referred to herein as the "Member Documents."

This Bond Purchase Agreement, the Continuing Disclosure Agreement, the Series 2026CD Leases, the SNDAs and the Tax Certificate are sometimes referred to herein as the "Lessee Documents."

(f) The Underwriter acknowledges the restrictions on registration and transfer of the Bonds described in Section 2.03 of the Bond Indenture.

2. Establishment of Issue Price.

(a) The Underwriter agrees to assist the Borrower and the Authority in establishing the issue price of the Series 2026C Bonds and shall execute and deliver to the Borrower and the Authority at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as EXHIBIT E, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Borrower, the Underwriter, the Authority and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2026C Bonds.

(b) The Borrower and the Authority will treat the first price at which 10% of each maturity of the Series 2026C Bonds (the "10% test") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Bond Purchase Agreement, the Underwriter shall report to the Borrower and the Authority, with a copy to the State Treasurer, the price or prices at which it has sold to the public each maturity of Series 2026C Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Series 2026C Bonds, the Underwriter agrees to promptly report to the Borrower and the Authority, with a copy to the State Treasurer, the prices at which it sells the unsold Series 2026C Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Series 2026C Bonds of that maturity or (ii) the 10% test has been satisfied as to the Series 2026C Bonds of that maturity, provided that, the Underwriter's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Borrower, the Authority or bond counsel. For purposes of this Section, if Series 2026C

Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Series 2026C Bonds.

(c) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Series 2026C Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A) (i) to report the prices at which it sells to the public the unsold Series 2026C Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2026C Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Series 2026C Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Series 2026C Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Series 2026C Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Series 2026C Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Series 2026C Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Series 2026C Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Series 2026C of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Series 2026C Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(d) The Borrower and the Authority acknowledge that, in making the representations set forth in this Section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Series 2026C Bonds to the

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public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Series 2026C Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2026C Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Series 2026C Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Series 2026C Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2026C Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Borrower and the Authority further acknowledge that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Series 2026C Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Series 2026C Bonds.

(e) The Underwriter acknowledges that sales of any Series 2026C Bonds to any person that is a related party to an underwriter participating in the initial sale of the Series 2026C Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2026C Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2026C Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Series 2026C Bonds to the public),

(iii) a purchaser of any of the Series 2026C Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date of execution of this Bond Purchase Agreement by all parties.

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3. Representations and Agreements of the Authority. The Authority represents and warrants to and agrees with the Underwriter and the Borrower that:

(a) The Authority is a public instrumentality validly existing under the Constitution and laws of the State of California, has full power and authority to issue the Bonds, to adopt the Resolution, to enter into the Bond Indenture, the Loan Agreement and this Bond Purchase Agreement and to perform its obligations under the Authority Documents, and when executed and delivered by the respective parties hereto and thereto, the Authority Documents will constitute the valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, or other laws related to or affecting the enforcement of creditors' rights generally and by the application of equitable principles as the court having jurisdiction may impose, regardless of whether such proceeding is considered in a proceeding in equity or at law, and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in California;

(b) By official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has authorized and approved the distribution of the Preliminary Limited Offering Memorandum, has deemed the Authority Information (as defined herein) in the Preliminary Limited Offering Memorandum "final" for purposes of Rule 15c2-12, the distribution of the Limited Offering Memorandum, and the execution and delivery of, and the performance by the Authority of the obligations on its part contained in, the Bonds and the Authority Documents and the consummation by the Authority of all other financing transactions on its part contemplated by the Limited Offering Memorandum and this Bond Purchase Agreement;

(c) There is no action, suit or proceeding, at law or in equity, before or by any court pending (with service of process having been accomplished against the Authority) or any action, suit, proceeding, inquiry or investigation before any court, governmental agency, public board or body known to the Authority to be threatened against the Authority seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or contesting any proceedings of the Authority taken concerning the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, in any way contesting the validity or enforceability of the Bonds or the Authority Documents or contesting in any way the completeness or accuracy of the information under the headings "THE AUTHORITY" or "ABSENCE OF MATERIAL LITIGATION – The Authority" (collectively, the "Authority Information") in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum or the existence or powers of the Authority relating to the issuance of the Bonds;

(d) As of the date thereof and as of the date hereof, the statements and information contained in the Authority Information in the Preliminary Limited Offering Memorandum and Limited Offering Memorandum are true and correct in all material respects, and do not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements and information therein, in the light of the circumstances under which they were made, not misleading, it being further understood that the Authority makes no representation or warranty regarding any other statement or

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information in or omissions from the Preliminary Limited Offering Memorandum and Limited Offering Memorandum;

(e) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in endeavoring (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and, subject to Section 8 and Section 11 hereof, will use its best efforts to continue such qualification in effect so long as required for distribution of the Bonds; provided, however, that in no event shall the Authority be required to qualify as a foreign corporation in any such state or take any action that would subject it to general, special or unlimited service of process in any jurisdiction in which it is now not so subject;

(f) To the best knowledge of the Authority, the execution and delivery by the Authority of the Bonds and Authority Documents, and compliance with the provisions on the Authority's part contained therein, will not in any material respect conflict with or constitute, on the part of the Authority, a breach of or default under any law, administrative regulation, court order, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would have a material adverse effect on the Authority's ability to perform its obligations under the Authority Documents;

(g) The Authority is not in material breach of or in material default under any applicable law or administrative regulation of the State or the United States or any applicable material judgment or material decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would have a material adverse effect on the Authority's ability to perform its obligations under the Authority Documents and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a material breach of or a material default or a material event of default under any such instrument, which breach or default would have a material adverse effect on the Authority's ability to perform its obligations under the Authority Documents;

(h) The Authority agrees to provide the Underwriter, at the expense of the Borrower, with a reasonable number of additional copies of the Authority Documents, as the Underwriter shall request. The Authority authorizes the distribution of the Authority Documents in connection with the offering, sale and distribution of the Bonds;

(i) Any certificate executed by an authorized officer of the Authority and delivered to the Underwriter shall be deemed a representation and warranty by the Authority to the Underwriter as to the statements made therein, and not a representation and warranty of the individual officer executing the same;

(j) If between the date of this Bond Purchase Agreement and up to and including the 25th day following the "end of the underwriting period" (as such term is defined in Rule 15c2-12) an event occurs, of which the Authority has knowledge, which might or would cause the information in the Authority Information contained in the Limited Offering

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Memorandum, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which they were made, not misleading, or if the Authority is notified by a Borrower pursuant to the provisions of this Bond Purchase Agreement or otherwise requested to amend, supplement or otherwise change the Limited Offering Memorandum, the Authority will notify the Underwriter and the Borrower, and if in the reasonable opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the Authority will cooperate in the amendment or supplementing of the Limited Offering Memorandum in a form and in a manner approved by the Underwriter and counsel to the Authority, provided that all expenses thereby incurred will be paid by the Borrower pursuant hereto and provided further that, for purposes of this provision, the end of the underwriting period shall be the Closing Date unless the Underwriter on or prior to the Closing provides written notice to the contrary to the Authority and the Borrower;

(k) For twenty-five (25) days from the date of the end of the underwriting period, the Authority will not participate in the issuance of any amendment of or supplement to the Limited Offering Memorandum to which, after being furnished with a copy, the Borrower, the Trustee or the Underwriter shall reasonably object in writing or which shall be disapproved by any of their respective counsel; and

(l) The execution and delivery of this Bond Purchase Agreement by the Authority shall constitute a representation by the Authority to the Underwriter that the representations, warranties and agreements contained in this Section 3 are true as of the date hereof; provided, that as to information furnished by the Borrower or the Lessee pursuant to this Bond Purchase Agreement or otherwise and in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, the Authority is relying on such information in making the Authority's representations, warranties and agreements; as to all matters of law, other than federal tax and securities laws, the Authority is relying on the advice of counsel to the Authority; and as to matters of federal tax law and securities laws, the Authority is relying on the advice of Bond Counsel; and provided further, that no member of the governing body of the Authority or officer, employee or agent of the Authority shall be individually liable for the breach of any representation, warranty or agreement contained herein.

4. Representations, Warranties, and Agreements of the Borrower. The Borrower hereby represents and warrants to and agrees with each of the Authority and the Underwriter as follows**:**

(a) The Borrower is a nonprofit public benefit corporation duly organized, validly existing and in good standing under the laws of the State of California. The Borrower has and, at the Closing Date will, have requisite corporate power and authority (i) to execute and deliver this Bond Purchase Agreement, (ii) to enter into, execute and deliver the Borrower Documents, (iii) to cause MPM Santa Ana to enter into the Member Documents and to execute and deliver on behalf of MPM Santa Ana each of such documents, (iv) to execute the Limited Offering Memorandum and to carry out and consummate all transactions contemplated by the Borrower Documents and the Limited Offering Memorandum and by proper corporate action has duly authorized the execution and delivery of the Borrower Documents and the Limited Offering Memorandum, and the distribution of the Preliminary

Limited Offering Memorandum and the Limited Offering Memorandum, and the execution and delivery on behalf of MPM Santa Ana of the Member Documents.

(b) No portion of the proceeds of the Bonds will be used to finance or refinance any facility used or to be used for sectarian instruction or as a place for religious worship or any facility used or to be used primarily in connection with any part of the program of a school or department of divinity.

(c) The officers or other designees of the Borrower executing the Borrower Documents and the Limited Offering Memorandum and executing, on behalf of MPM Santa Ana, the Member Documents are duly and properly in office and authorized to execute and approve the same.

(d) As of the date hereof, (i) this Bond Purchase Agreement has been duly executed and delivered by the Borrower and, at the Closing Date, (ii) the Borrower Documents will be legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms, and (ii) the Member Documents, the Master Indenture and the Third Supplemental Master Indenture will be legal, valid and binding obligations of the Members enforceable against the Members in accordance with their respective terms, except as enforcement of each of such documents may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought.

(e) The Borrower and the Members are not (i) in violation of any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree, which violation would materially adversely affect the financial position or operations of the Borrower or any Member, or (ii) in default under any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Borrower or any Member is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute an event of default under any such instrument, which default would materially adversely affect the financial position or operations of the Borrower or any Member.

(f) The execution and delivery of the Borrower Documents and approval of the Limited Offering Memorandum by the Borrower, the execution and delivery of the Member Documents, on behalf of MPM Santa Ana by the Borrower, the consummation by the Borrower and the Members of the transactions herein and therein contemplated and the Borrower's and the Members' fulfillment of or compliance with the terms and conditions thereof will not (i) conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under (A) the articles of incorporation or bylaws of the Borrower or the operating agreement of any Member, (B) any indenture, mortgage, deed of trust, loan agreement, contract, lease or other agreement or instrument to which the Borrower or any Member is a party or by which it or its properties are otherwise subject or bound or (C) any law or administrative rule or regulation or any court or administrative decree or order applicable to the Borrower or any Member; or (ii) result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower or any Member (except for the liens or pledges created by the Borrower Documents, the Series 2026CD Leases, or the Deeds of Trust), which conflict,

violation, breach, default, lien, charge or encumbrance could reasonably be expected to have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Documents, the Member Documents, and the Limited Offering Memorandum or the financial condition, assets, properties or operations of the Borrower or any Member.

(g) No consent or approval of any trustee or holder of any indebtedness of the Borrower or any Member and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except the approval of the Authority for the execution and delivery of the Bonds and in connection with Blue Sky proceedings) is necessary in connection with the execution and delivery of this Bond Purchase Agreement, the execution and delivery of the other Borrower Documents and the Member Documents at the Closing, the approval of the Limited Offering Memorandum, or the consummation of any transaction therein contemplated, except in all such cases as have been or will be obtained or made and as are or will be in full force and effect.

(h) There are no actions, suits or proceedings which have been served on the Borrower or any Member or, to the best of the knowledge of the Borrower, are otherwise pending or threatened against the Borrower or any Member:

(i) seeking to restrain or enjoin the execution or delivery of any of the Bonds, the pledge under the Loan Agreement, or the pledge under the Master Indenture and Third Supplemental Master Indenture, or any payments to be made by the Borrower pursuant to the Loan Agreement or any payments to be made by the Members pursuant to Obligation No. 3;

(ii) in any way contesting or affecting the authority for the execution or delivery of the Bonds or the Limited Offering Memorandum or the validity when executed and delivered of the Borrower Documents or the Member Documents or the collection and pledge of any Payments under the Bond Indenture or any payments to be made by Members pursuant to Obligation No. 3;

(iii) in any way contesting the existence or powers of the Borrower or any Member;

(iv) which, if determined adversely to the Borrower or any Member, could reasonably be expected to materially adversely affect the consummation of the transactions contemplated by the Borrower Documents, the Member Documents, and the Limited Offering Memorandum or the financial condition, assets or properties of the Borrower or any Member;

(v) contesting or affecting the Borrower's status as a an organization described in Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), or which would subject any income of the Borrower to federal income taxation to such extent as would result in loss of the exclusion from gross income for federal income tax purposes of interest evidenced and represented by any of the Bonds under Section 103 of the Code; or

(vi) contesting or affecting the status of any Member as a disregarded entity of the Borrower.

(i) The information in the Preliminary Limited Offering Memorandum as of its date and as of the date hereof (excluding any information permitted by Rule 15c2-12 to be omitted therefrom) and the Limited Offering Memorandum as of its date (excluding any information with respect to DTC and the book-entry only system, the Underwriter and the Authority Information) is true and correct in all material respects, and the information in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum does not contain any misstatement of any material fact and does not omit any statement necessary to make the statements, in the light of the circumstances in which such statements were made, not misleading.

(j) The Borrower will deliver, or cause to be delivered, to the Underwriter, within seven (7) business days after acceptance hereof, but not later than the Closing Date, copies of the Limited Offering Memorandum substantially in the form of the Preliminary Limited Offering Memorandum, with only such changes therein as have been accepted by the Underwriter, signed on behalf of the Borrower by an authorized officer of Borrower (or such other officer as is acceptable to the Underwriter), in such quantities as the Underwriter shall request. The Preliminary Limited Offering Memorandum has been deemed "final" within the meaning of Rule 15c2-12. The Limited Offering Memorandum, as amended or supplemented pursuant to the Bond Purchase Agreement, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) The Borrower and the Members have all necessary power and authority to conduct the business now being conducted by each of them and as contemplated by the Borrower Documents, the Member Documents, and the Limited Offering Memorandum.

(l) If between the date hereof and up to and including the 25th day following the Closing, any event shall occur which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Borrower shall notify the Authority and the Underwriter; and, if in the opinion of the Borrower, the Lessee, the Authority or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the Borrower will request the Authority to cooperate with the Borrower to cause the Limited Offering Memorandum to be amended or supplemented in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid by the Borrower or the Lessee.

(m) During the period described in the preceding paragraph, (i) the Borrower will not participate in the issuance of any amendment of or supplement to the Limited Offering Memorandum to which, after being furnished with a copy, either of the Underwriter or the Authority shall reasonably object in writing or which shall be disapproved by their respective counsels and (ii) if any event relating to or affecting the Authority or the Borrower, its operations and financial position or its present or proposed facilities shall occur as a result of

which it is necessary, in the opinion of counsel for the Underwriter or the Authority, to amend or supplement the Limited Offering Memorandum in order to make the Limited Offering Memorandum not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Borrower will forthwith prepare and furnish to the Underwriter and the Authority (at the expense of the Borrower or the Lessee) a reasonable number of copies of an amendment of or supplement to the Limited Offering Memorandum (in form and substance satisfactory to counsel for the Underwriter and counsel to the Authority) which will amend or supplement the Limited Offering Memorandum so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Limited Offering Memorandum, as so amended or supplemented is delivered to a purchaser, not misleading. For the purposes of this subsection, the Borrower will furnish such information with respect to itself and its present and proposed facilities as any of you may from time to time reasonably request.

(n) To the extent permitted by law, the Borrower agrees to indemnify and hold harmless the Authority, the State Treasurer, the Underwriter and each person, if any, who controls (as such term is defined in Section 15 of the Securities Act of 1933, as amended (the "Securities Act")) any of the Underwriter and the members, officers, agents and employees of the State Treasurer and the Authority (collectively, the "Indemnified Persons," and individually, an "Indemnified Person") from and against any and all judgments, losses, claims, damages or liabilities, joint or several, to which any Indemnified Person may become subject insofar as such judgments, losses, claims, damages or liabilities (or actions in respect thereof) arise out of, or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum (or any supplement or amendment thereto), or that arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Indemnified Person for any legal or other expenses incurred by such Indemnified Person in connection with investigating, defending or preparing to defend any such loss, claim, damage, liability, penalty or any action in respect thereof; provided, however, that the Borrower shall not be liable to the Authority for the information provided by the Authority in the Authority Information of the Preliminary Limited Offering Memorandum or Limited Offering Memorandum. On the date of delivery of the Bonds, the Borrower will deliver a certificate to the effect that the Limited Offering Memorandum (except for the information provided by the Authority in the Authority Information and the information provided by the Underwriter in the "UNDERWRITING" portion of the Limited Offering Memorandum) does not contain a misstatement of a material fact or omit to state a material fact required to be stated therein in order to make the statements therein not misleading.

In case any claim shall be made or action brought against any Indemnified Person based upon the Limited Offering Memorandum, in respect of which indemnity may be sought against the Borrower, the Borrower shall be promptly notified in writing setting forth the particulars of such claim or action and the Borrower shall assume the investigation and defense thereof including the retaining of counsel selected by the Indemnified Person and the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Person shall have the right to review and approve or disapprove any such compromise or settlement. Any Indemnified Person shall have the right to retain separate counsel in any such action and to participate in

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the investigation and defense thereof but shall bear the fees and expenses of such counsel unless: (i) the Borrower shall have specifically authorized the retaining of such counsel and has consented to pay the fees and expenses thereof, such consent not to be unreasonably withheld; or (ii) the parties to such suit include said Indemnified Person, and the Borrower and such Indemnified Person or Persons have been advised by such counsel that one or more legal defenses may be available to said Indemnified Person or Persons which may not be available to the Borrower; (iii) in the judgment of such Indemnified Person, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to an action (or inaction) of counsel; (iv) the Authority or the State Treasurer, or any Indemnified Person thereof, engages the Attorney General of the State as separate counsel; or (v) the Borrower has failed to assume the defense and employ counsel reasonably acceptable to the Indemnified Person.

(o) The Borrower hereby agrees to pay the fees and expenses described as payable by the Borrower in Section 8 of this Bond Purchase Agreement and to pay any expenses incurred in amending or supplementing the Limited Offering Memorandum pursuant to this Bond Purchase Agreement.

(p) The Borrower is a corporation described in Section 501(c)(3) of the Code and each Member is a disregarded entity treated as a 501(c)(3) corporation for federal income tax purposes.

(q) The Borrower and each Member:

(i) is in material compliance with all laws, ordinances, governmental rules and regulations to which it is subject and which are material to its properties, operations, finances or status as an organization, or disregarded entity treated as an organization, described in Section 501(c)(3) of the Code;

(ii) has obtained all licenses, permits, franchises or other governmental authorizations necessary and material to the conduct of its activities, agrees to obtain all permits and approvals or other governmental authorizations that are required and necessary for construction and operation of newly acquired facilities for the Members and agrees to obtain all such licenses, permits, franchises or other governmental authorizations as may be required in the future for operations in all cases where failure to obtain such licenses, permits, franchises or other governmental authorizations could reasonably be expected to materially and adversely affect its condition (financial or otherwise) or its ability to perform its obligations under the Borrower Documents or the Member Documents, as applicable; and

(iii) is in material compliance with all provisions of the Borrower Documents and Member Documents applicable to it.

(r) The Project constitutes a "project" as such term is defined in the Act, and the Borrower is a "participating party" as such terms are defined in Section 17173, subdivision (i), paragraph (1), of the Act.

(s) Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the Borrower nor any Member will have issued, and no other person

will have issued in the name and on behalf of the Borrower or any Member, any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Limited Offering Memorandum or otherwise consented to in writing by the Underwriter.

(t) The Borrower has complied with, shall continue to comply with, and shall cause the Lessee to comply with, all provisions of that certain Program Agreement, between the Borrower and the Authority (the "Credit Enhancement Grant Agreement"), relating to a grant made by the Authority to the Borrower pursuant to the Charter School Facilities Credit Enhancement Grant Program (the "Reserve Grant"), and all State and federal laws and regulations relating to and applicable to the Reserve Grant.

(u) The Project shall comply with Article 2 of Chapter 1 of Part 7 of Division 2 of the California Labor Code.

(v) The representations, warranties, agreements and indemnities herein shall survive the Closing and any investigation made by or on behalf of either of the Authority, the State Treasurer, or the Underwriter or any person who controls such parties of any matters described in or related to the transactions contemplated hereby and by the Borrower Documents, the Member Documents, or the Limited Offering Memorandum.

5. Representations, Warranties, and Agreements of the Lessee. the Lessee hereby represents and warrants to and agrees with each of the Authority and the Underwriter as follows:

(a) the Lessee is a nonprofit public benefit corporation duly organized, validly existing and in good standing under the laws of the State of California. The Lessee has and at the Closing Date will have requisite corporate power and authority (i) to execute and deliver this Bond Purchase Agreement, (ii) to enter into the Lessee Documents, (iii) to execute the Limited Offering Memorandum, and (iv) to carry out and consummate all transactions contemplated by the Lessee Documents and the Limited Offering Memorandum, and by proper corporate action has duly authorized the execution and delivery of the Lessee Documents and the Limited Offering Memorandum, and the distribution of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum.

(b) the Lessee is an institution for elementary and secondary school public education, situated within the State of California, which, by virtue of law or charter, is a nonprofit educational institution empowered to provide a program of public education at the elementary and secondary school levels.

(c) The Lessee neither restricts entry on gender, racial or religious grounds nor requires students gaining admission to receive instruction in the tenets of a particular faith.

(d) No portion of the Facilities used by the Lessee will be used for sectarian instruction or as a place for religious worship or any facility used or to be used primarily in connection with any part of the program of a school or department of divinity.

(e) The officers or other designees of the Lessee executing the Lessee Documents are duly and properly in office and authorized to execute and approve the same.

(f) As of the date hereof, this Bond Purchase Agreement has been duly executed and delivered by the Lessee and, at the Closing Date, the Lessee Documents will be duly executed and delivered by the Lessee and will constitute legal, valid and binding obligations of the Lessee enforceable against the Lessee in accordance with their respective terms; except as enforcement of each of the Lessee Documents may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought.

(g) The Lessee is not (i) in violation of any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree, which violation would materially adversely affect the financial position or operations of the Lessee or (ii) in default under any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Lessee is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute an event of default under any such instrument, which default would materially adversely affect the financial position or operations of the Lessee.

(h) The execution and delivery of the Lessee Documents and approval of the Limited Offering Memorandum by the Lessee, the consummation by the Lessee of the transactions herein and therein contemplated, and the Lessee's fulfillment of or compliance with the terms and conditions thereof will not (i) conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under (A) the articles of incorporation of the Lessee, (B) the bylaws of the Lessee, (C) any indenture, mortgage, deed of trust, loan agreement, contract, lease or other agreement or instrument to which the Lessee is a party or by which it or its properties are otherwise subject or bound, or (D) any law or administrative rule or regulation or any court or administrative decree or order applicable to the Lessee, or (ii) result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee, except for the liens or pledges created by the Lessee Documents, which conflict, violation, breach, default, lien, charge or encumbrance could reasonably be expected to have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Lessee Documents, the Limited Offering Memorandum or the financial condition, assets, properties or operations of the Lessee.

(i) No consent or approval of any trustee or holder of any indebtedness of the Lessee, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except the approval of the Authority for the execution and delivery of the Bonds and in connection with Blue Sky proceedings) is necessary in connection with the execution and delivery of this Bond Purchase Agreement, the execution and delivery of the other Lessee Documents at the Closing, the approval of the Limited Offering Memorandum, or the consummation of any transaction therein contemplated, except in all such cases as have been or will be obtained or made and as are or will be in full force and effect.

(j) The Lessee's charter for the School (the "Charter") operating or to be operated in the Facilities comply with the Charter School Law and are valid and in full force and effect. The Lessee is in material compliance with the provisions of the Charter. The Lessee has the right to renew or extend such Charter, has not received oral or written notice

from any Person to the contrary and will use all reasonable efforts to renew the Charter. The Lessee expects to qualify to apply for fiscal year 2025-26 funding under California Education Code Section 47614.5 for the Schools that qualify for such funding when operated at the Facilities pursuant to a lease, and will seek funding for such Schools thereunder each year to the maximum extent available or will seek funding under more favorable state or federal programs if available.

(k) There are no actions, suits or proceedings which have been served on the Lessee or, to the best of the knowledge of the Lessee, are otherwise pending or threatened against the Lessee:

(i) seeking to restrain or enjoin the execution or delivery of any of the Bonds or the pledge or collection of the Rent or any payments to be made by the Lessee pursuant to the Series 2026CD Leases;

(ii) in any way contesting or affecting the authority for the execution or delivery of Lessee Documents, the Limited Offering Memorandum or the Intercept to be delivered in connection therewith;

(iii) in any way contesting the corporate existence or powers of the Lessee;

(iv) which, if determined adversely to it, could reasonably be expected to materially adversely affect the consummation of the transactions contemplated by the Lessee Documents or the Limited Offering Memorandum or the financial condition, assets or properties of the Lessee; or

(v) contesting or affecting the Lessee's status as an organization described in Section 501 (c)(3) of the Code or which would subject any income of the Lessee to federal income taxation to such extent as would result in loss of the exclusion from gross income for federal income tax purposes of interest evidenced and represented by any of the Bonds under Section 103 of the Code.

(l) The information in the Preliminary Limited Offering Memorandum as of its date and as of the date hereof and the Limited Offering Memorandum as of its date (excluding any information with respect to DTC and the book-entry only system, the Underwriter and the Authority Information) is true and correct in all material respects, and the information in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum does not contain any misstatement of any material fact and does not omit any statement necessary to make the statements, in the light of the circumstances in which such statements were made, not misleading.

(m) The Lessee will deliver, or cause to be delivered, to the Underwriter, within seven (7) business days after acceptance hereof, but not later than the Closing, copies of the Limited Offering Memorandum substantially in the form of the Preliminary Limited Offering Memorandum, with only such changes therein as have been accepted by the Underwriter, signed on behalf of the Lessee by an authorized officer of the Lessee (or such other officer as is acceptable to the Underwriter), in such quantities as the Underwriter shall request. The Preliminary Limited Offering Memorandum has been deemed "final" within the meaning of

Rule 15c2-12. The Limited Offering Memorandum, as amended or supplemented pursuant to the Bond Purchase Agreement, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(n) The Lessee has all necessary power and authority to conduct the business now being conducted by it and as contemplated by the Lessee Documents and the Limited Offering Memorandum.

(o) If between the date hereof and up to and including the 25th day following the Closing, any event shall occur which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Lessee shall notify the Authority and the Underwriter; and, if in the opinion of the Lessee, the Borrower, the Authority or the Underwriter such event requires the preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the Lessee will request the Authority to cooperate with the Lessee to cause the Limited Offering Memorandum to be amended or supplemented in a form and in a manner approved by the Underwriter, provided all expenses thereby incurred will be paid by the Lessee or the Borrower.

During the period described in the preceding paragraph, (i) the Lessee will not participate in the issuance of any amendment of or supplement to the Limited Offering Memorandum to which, after being furnished with a copy, either of the Underwriter or the Authority shall reasonably object in writing or which shall be disapproved by their respective counsels and (ii) if any event relating to or affecting the Authority or the Lessee, its operations and financial position or its present or proposed facilities shall occur as a result of which it is necessary, in the opinion of counsel for the Underwriter or the Authority, to amend or supplement the Limited Offering Memorandum in order to make the Limited Offering Memorandum not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Lessee will forthwith prepare and furnish to the Underwriter and the Authority (at the expense of the Lessee or the Borrower) a reasonable number of copies of an amendment of or supplement to the Limited Offering Memorandum (in form and substance satisfactory to counsel for the Underwriter and counsel to the Authority) which will amend or supplement the Limited Offering Memorandum so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Limited Offering Memorandum, as so amended or supplemented is delivered to a purchaser, not misleading. For the purposes of this subsection, the Lessee will furnish such information with respect to itself and its present and proposed facilities as any of you may from time to time reasonably request.

(p) The Lessee is an organization described in Section 501(c)(3) of the Code and is exempt from federal income tax under Section 501(a) of the Code, except with respect to any unrelated business income of the Lessee, which income is not expected to result from the consummation of any transaction contemplated by the Lessee Documents. The Lessee is not a private foundation within the meaning of Section 509(a) of the Code; and the Lessee at all

times will maintain its status as an organization described in Section 501(c)(3) of the Code and its exemption from federal income tax under Section 501(a) of the Code or corresponding provisions of future federal income tax laws. To the best of the Lessee's knowledge, the facts and circumstances which formed the basis of the Lessee's status as an organization described in Section 501(c)(3) of the Code as represented to the Internal Revenue Service continue substantially to exist.

(q) The audited balance sheet of the Lessee as of June 30, 2025, presents fairly, in all material respects, the financial position of the Lessee as of June 30, 2025, and there have not been any material adverse change in the assets, operations or financial condition of the Lessee since June 30, 2025, which is not described in the Limited Offering Memorandum, whether or not arising from transactions in the ordinary course of business.

(r) The Lessee:

(i) is in material compliance with all laws, ordinances, governmental rules and regulations to which it is subject and which are material to its properties, operations, finances or status as an organization described in Section 501(c)(3) of the Code;

(ii) has obtained all licenses, permits, franchises or other governmental authorizations necessary and material to the ownership of its property or to the conduct of its activities, agrees to obtain all permits and approvals or other governmental authorizations that are required and necessary for construction and operation of newly acquired facilities for the Lessee and agrees to obtain all such licenses, permits, franchises or other governmental authorizations as may be required in the future for its operations in all cases where failure to obtain such licenses, permits, franchises or other governmental authorizations could reasonably be expected to materially and adversely affect the condition (financial or otherwise) of the Lessee or its ability to perform its obligations under the Lessee Documents; and

(iii) is in material compliance with all provisions of the Lessee Documents applicable to the Lessee, including, but not limited to, the requirements of the Series 2026CD Leases that the Lessee maintain certain insurance policies or programs.

(s) To the extent permitted by law, the Lessee agrees to indemnify and hold harmless each of the Indemnified Persons from and against any and all judgments, losses, claims, damages or liabilities, joint or several, to which any Indemnified Person may become subject insofar as such judgments, losses, claims, damages or liabilities (or actions in respect thereof) arise out of, or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum (or any supplement or amendment thereto) or that arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and will reimburse each Indemnified Person for any legal or other expenses incurred by such Indemnified Person in connection with investigating, defending or preparing to defend any such loss, claim, damage, liability or any

action in respect thereof; provided, however, that the Lessee shall not be liable to the Authority for the information in the Authority Information of the Preliminary Limited Offering Memorandum or Limited Offering Memorandum. The Limited Offering Memorandum (except for the information provided by the Authority in the Authority Information and the information provided by the Underwriter in the "UNDERWRITING" portion of the Limited Offering Memorandum) does not contain a misstatement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. On the date of delivery of the Bonds, the Lessee will deliver a certificate to the effect that the Limited Offering Memorandum (except for the information provided by the Authority in the Authority Information and the information provided by the Underwriter in the "UNDERWRITING" portion of the Limited Offering Memorandum) does not contain a misstatement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In case any claim shall be made or action brought against any Indemnified Person based upon the Limited Offering Memorandum, in respect of which indemnity may be sought against the Lessee, such Indemnified Person shall promptly notify the Lessee in writing setting forth the particulars of such claim or action and the Lessee shall assume the investigation and defense thereof including the retaining of counsel and the payment of all expenses, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Person shall have the right to review and approve or disapprove any such compromise or settlement. Any Indemnified Person shall have the right to retain separate counsel in any such action and to participate in the investigation and defense thereof but shall bear the fees and expenses of such counsel unless: (i) the Lessee shall have specifically authorized the retaining of such counsel and has consented to pay the fees and expenses thereof, such consent not to be unreasonably withheld; (ii) the parties to such suit include said Indemnified Person, and the Lessee and such Indemnified Person or Persons have been advised by such counsel that one or more legal defenses may be available to said Indemnified Person or Persons which may not be available to the Lessee, in which case the Lessee shall not be entitled to assume the defense of such suit notwithstanding its obligation to bear the fees and expenses of such counsel; (iii) in the judgment of such Indemnified Person, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to an action (or inaction) of counsel; (iv) the Authority or the State Treasurer, or any Indemnified Person thereof, engages the Attorney General of the State as separate counsel; or (v) the Lessee has failed to assume the defense and employ counsel reasonably acceptable to the Indemnitee.

(t) Between the date hereof and the Closing, without the prior written consent of the Underwriter, the Lessee will not have issued, and no other person will have issued in the name and on behalf of the Lessee, any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Limited Offering Memorandum or otherwise consented to in writing by the Underwriter.

(u) The Lessee has complied with, shall continue to comply with, all provisions of the Credit Enhancement Grant Agreement relating to the Reserve Grant, and all State and federal laws and regulations relating to and applicable to the Reserve Grant.

(v) The Project shall comply with Article 2 of Chapter 1 of Part 7 of Division 2 of the California Labor Code.

(w) The representations, warranties, agreements and indemnities herein shall survive the Closing and any investigation made by or on behalf of either of the Underwriter or the Authority or any person who controls either of such parties of any matters described in or related to the transactions contemplated hereby and by the Lessee Documents or the Limited Offering Memorandum.

6. Conditions to the Obligations of the Underwriter. The obligation of the Underwriter to cause payment of the purchase price for the Bonds on the Closing Date shall be subject to the accuracy in all material respects of the representations, warranties and agreements on the part of the Authority and the Borrower contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers, members, agents and other officials of the Authority, the Borrower and the Lessee made in any certificates or other documents furnished pursuant to the provisions hereof, and to the performance by the Authority and the Borrower of their obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the time of Closing, the Authority Documents, the Borrower Documents, the Member Documents, and the Lessee Documents shall be in full force and effect as valid, binding and enforceable agreements between or among the various parties thereto, and the Authority Documents, the Borrower Documents, the Member Documents, the Lessee Documents and the Limited Offering Memorandum shall not have been amended, modified or supplemented, except as described herein or as may otherwise have been agreed to in writing by the Underwriter, and there shall have been taken therewith, with the execution and delivery of the Bonds and with the transactions contemplated by this Bond Purchase Agreement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate;

(b) Between the date hereof and the Closing Date, none of the following shall have occurred:

(i) legislation enacted or introduced in the Congress or in the legislature of the State of California or recommended for passage by the President of the United States or the Governor of the State of California, as the case may be, or a decision rendered by a court established under Article III of the Constitution of the United States or under the Constitution of the State of California, as the case may be, or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official or staff statement issued or made:

(A) by or on behalf of the Treasury Department of the United States or the Internal Revenue Service, or any agency, commission or instrumentality of the State of California, with the purpose or effect, directly or indirectly, of imposing federal income taxation upon the interest as would be received by the holders of the Series 2026C Bonds or obligations of the general character of the Series 2026C Bonds, or State of California personal income taxation

upon the interest as would be received by the holders of the Bonds or obligations of the general character of the Bonds, or

(B) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds or the Bonds are not exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), or that the Bond Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), which, in either case, in the reasonable judgment of the Underwriter, would have a material and adverse effect on the market price or marketability of the Bonds; or

(C) which, in the reasonable judgment of the Underwriter, could have a material and adverse effect on the revenues of charter schools in California in general or the Lessee in particular;

(ii) the declaration of war or the outbreak or escalation of military hostilities involving the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government of or the financial community in the United States which, in the reasonable judgment of the Underwriter, would have a material and adverse effect on the market price or marketability of the Bonds;

(iii) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange or other securities exchange as may be applicable;

(iv) the imposition by the New York Stock Exchange or other national securities exchange or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, underwriters;

(v) an order, decree or injunction of any court of competent jurisdiction, or order, ruling, regulation or official or staff statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the delivery, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby or by the Limited Offering Memorandum, is or would be in violation of the federal securities laws as amended and then in effect;

(vi) any event occurring, or information becoming known which, in the judgment of the Underwriter, would have a material and adverse effect on the market price or marketability of the Bonds, because it makes untrue in any material respect any statement or information contained in the Limited Offering

Memorandum, or has the effect that the Limited Offering Memorandum contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(vii) any legislation is passed by the legislature of the State of California or recommended for passage by the Governor of the State of California which would have the effect of amending the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the California Education Code) and which, in the reasonable judgment of the Underwriter, would have a material and adverse effect on the market price or marketability of the Bonds;

(viii) any adverse event occurs with respect to the affairs or financial condition of the Authority, the Borrower, the Lessee, the Master Trustee or the Trustee, which, in the reasonable judgment of the Underwriter, would have a material and adverse effect on the market price or marketability of the Bonds.

(c) At or prior to the Closing Date, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter:

(i) The Authority Documents, the Borrower Documents, the Member Documents, and the Lessee Documents, each duly executed and delivered by the respective parties;

(ii) Three copies of the Limited Offering Memorandum executed by the Borrower and the Lessee;

(iii) An approving opinion, dated the Closing Date and addressed to the Authority, of Bond Counsel, in substantially the form attached to the Limited Offering Memorandum as Appendix H, and a supplemental opinion in a form acceptable to the Authority and the Underwriter, dated the Closing Date, in substantially the form attached hereto as EXHIBIT B;

(iv) An opinion of Musick, Peeler & Garrett LLP, counsel to the Borrower, the Members, and the Lessee, dated the Closing Date and addressed to the Authority, Bond Counsel and the Underwriter, in substantially the form attached hereto as EXHIBIT C with such changes as may be agreed to by Bond Counsel and counsel to the Underwriter;

(v) An opinion of Counsel to the Underwriter;

(vi) A certificate of an authorized official of the Authority as is acceptable to the Underwriter, dated the Closing Date, to the effect that:

(A) the Authority has fulfilled or performed each of its obligations contained in the Bond Indenture, the Loan Agreement and this Bond Purchase Agreement required to be fulfilled or performed by it as of the Closing Date;

(B) the Bonds have been duly authorized, executed, issued and delivered, and assuming due authentication by the Trustee, constitute valid and binding limited obligations of the Authority, enforceable in accordance with their terms, in conformity with, and entitled to the benefit and security of the Bond Indenture; and

(C) to the best of such official's knowledge, the representations and warranties made by the Authority in the Bond Purchase Agreement are true and correct in all material respects on the Closing Date, with the same effect as if made on and with respect to the facts as of the Closing Date.

(vii) A certified copy of the Resolution of the Authority authorizing the execution and delivery of the Authority Documents and approving the Limited Offering Memorandum;

(viii) A certificate of an authorized official of the Borrower in a form acceptable to Bond Counsel and the Underwriter, dated the Closing Date, to the effect that:

(A) the representations and warranties made by the Borrower in the Borrower Documents are true and correct in all material respects as of the Closing Date;

(B) the Borrower is not in default in the performance of any of the covenants, agreements or provisions contained in the Borrower Documents and applicable to the Borrower;

(C) to the best knowledge of such individual, no event has occurred since the date of the Limited Offering Memorandum which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information (other than the information provided by the Authority in the Authority Information of the Limited Offering Memorandum, the information provided by Stifel, Nicolaus & Company, Incorporated, as underwriter in the "UNDERWRITING" portion of the Limited Offering Memorandum and the information regarding The Depository Trust Company in the Limited Offering Memorandum) contained in the Limited Offering Memorandum or is not reflected in the Limited Offering Memorandum but should be reflected therein in order to make the statements and information therein not misleading in any material respect; and

(D) any resolutions necessary in connection with the transactions contemplated by the Limited Offering Memorandum have not been amended, modified or rescinded and are effective as the Closing Date.

(ix) A certificate of an authorized official of MPM Santa Ana in a form acceptable to Bond Counsel and the Underwriter, dated the Closing Date, to the effect that:

(A) the representations and warranties made by the Member in the Member Documents are true and correct in all material respects as of the Closing Date;

(B) the Member is not in default in the performance of any of the covenants, agreements or provisions contained in the Member Documents and applicable to the Member;

(C) to the best knowledge of such individual, no event has occurred since the date of the Limited Offering Memorandum which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information (other than the information provided by the Authority in the Authority Information of the Limited Offering Memorandum, the information provided by Stifel, Nicolaus & Company, Incorporated, as underwriter in the "UNDERWRITING" portion of the Limited Offering Memorandum and the information regarding The Depository Trust Company in the Limited Offering Memorandum) contained in the Limited Offering Memorandum or is not reflected in the Limited Offering Memorandum but should be reflected therein in order to make the statements and information therein not misleading in any material respect; and

(D) any resolutions necessary in connection with the transactions contemplated by the Limited Offering Memorandum have not been amended, modified or rescinded and are effective as the Closing Date.

(x) A certificate of an authorized official of the Lessee in a form acceptable to Bond Counsel and the Underwriter, dated the Closing Date, to the effect that:

(A) the representations and warranties made by the Lessee in the Lessee Documents are true and correct in all material respects as of the Closing Date;

(B) The Lessee is not in default in the performance of any of the covenants, agreements or provisions contained in the Lessee Documents and applicable to the Lessee;

(C) to the best knowledge of such individual, no event has occurred since the date of the Limited Offering Memorandum which either makes untrue or incorrect in any material respect as of the Closing Date any statement or information (other than the information provided by the Authority in the Authority Information of the Limited

Offering Memorandum, the information provided by Stifel, Nicolaus & Company, Incorporated, as underwriter in the "UNDERWRITING" portion of the Limited Offering Memorandum and the information regarding The Depository Trust Company in the Limited Offering Memorandum) contained in the Limited Offering Memorandum or is not reflected in the Limited Offering Memorandum but should be reflected therein in order to make the statements and information therein not misleading in any material respect; and

(D) any resolutions of the board of directors of the Lessee necessary in connection with the transactions contemplated by the Limited Offering Memorandum have not been amended, modified or rescinded and are effective as the Closing Date.

(xi) Certificates of the Borrower and the Lessee to the effect that each of the documents executed by them is legal, binding and valid, reaffirming representations and certifications herein and such other matters as may reasonably be requested by the Underwriter;

(xii) The Articles of Incorporation of the Lessee certified by the Secretary of State of the State of California (within thirty days of the Closing Date), a Certificate of Good Standing of the Lessee issued by the Secretary of State of the State of California (within 7 business days of the Closing Date), a Certificate of Good Standing regarding the Lessee issued by the Franchise Tax Board of the State of California (within seven business days of the Closing Date), and a certified copy of the resolutions authorizing the execution and delivery of the Lessee Documents and the Limited Offering Memorandum;

(xiii) The Articles of Incorporation of the Borrower certified by the Secretary of State of the State of California (within thirty days of the Closing Date), a Certificate of Good Standing issued by the Secretary of State of the State of California (within 7 business days of the Closing Date), and a Certificate of Good Standing issued by the Franchise Tax Board of the State of California (within seven business days of the Closing Date), and a certified copy of the resolutions authorizing the execution and delivery of the Borrower Documents and the Limited Offering Memorandum;

(xiv) The Articles of Organization of MPM Santa Ana certified by the Secretary of State of the State of California (within thirty days of the Closing Date), a Certificate of Good Standing issued by the Secretary of State of the State of California (within seven business days of the Closing Date), and a Certificate of Good Standing issued by the Franchise Tax Board of the State of California (within seven business days of the Closing Date);

(xv) A copy of the Charter for the School;

(xvi) Evidence that the Borrower is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

(xvii) Evidence that the Lessee is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

(xviii) An opinion of counsel to the Authority, in substantially the form attached hereto as EXHIBIT D;

(xix) Copies of (i) an ALTA lender's policy of title insurance with respect to the MSA-1 Facilities, dated the Closing Date, in an amount not less than the principal amount of the Bonds, and (ii) evidence of compliance with all other insurance-related requirements set forth in the Loan Agreement and the Series 2026CD Leases;

(xx) An opinion of counsel to the Trustee and the Master Trustee, and addressed to the Authority, in form and substance satisfactory to the Authority and Underwriter;

(xxi) "Deemed final" certificates of the Borrower, the Lessee, and the Authority, in form and substance satisfactory to the Underwriter;

(xxii) evidence satisfactory to the Underwriter that the Bonds have been rated "Baa3" with a stable outlook by Moody's Investor Service, and that such rating is in effect as of the Closing;

(xxiii) A copy of the Intercept Notice;

(xxiv) Evidence of the filing of any UCC Financing Statement necessary to perfect security interests granted by the Borrower, any Member or Lessee under the Borrower Documents, Member Documents or Lessee Documents;

(xxv) A letter from the authorizer thereof to the effect that the Charter for the School is in effect and in good standing;

(xxvi) Executed copies of the Credit Enhancement Grant Agreement and evidence of the receipt of the Reserve Grant by the Trustee;

(xxvii) A copy of a completed Policy Statement 103 Application for Exemption, executed by the Authority for submission to the State of New York Department of Law; and

(xxviii) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter, the Authority or Bond Counsel may reasonably request to evidence compliance by the Authority, and the Borrower and the Lessee with legal requirements, the truth and accuracy, as of the Closing Date, of the representations (A) of the Authority contained herein, (B) of the Borrower contained herein and in the other Borrower Documents, (C) of the Lessee contained herein and in the other Lessee Documents, and (D) of MPM Santa Ana contained in the Member Documents, and the due performance or satisfaction by the Authority and the Borrower at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Authority and the Borrower.

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If the Authority shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Bond Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted herein, this Bond Purchase Agreement shall terminate, and neither the Underwriter nor the Authority nor the State Treasurer shall have any further obligation hereunder. The obligations of the Borrower set forth in Section 4(o) and Section 8 and the Lessee set forth in Section 5(s) shall survive any termination of this Bond Purchase Agreement.

7. Conditions to Obligations of the Authority. The obligations of the Authority hereunder and under the Bond Indenture to cause the preparation, execution and delivery of the Bonds on the Closing Date shall be subject to the performance by the Underwriter of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) The Authority Documents shall have been executed by the other parties thereto;

(b) No order, decree, injunction, ruling or regulation of any court, regulatory agency, public board or body shall have been issued, nor shall any legislation have been enacted, with the purpose or effect, directly or indirectly, of prohibiting the offering, sale or execution and delivery of the Bonds as contemplated hereby or by the Limited Offering Memorandum;

(c) The documents contemplated by Section 6(c) shall have been delivered substantially in the forms set forth herein or, as the case may be, in form and substance satisfactory to Bond Counsel and to the Authority; and

(d) The Authority shall have received evidence of payment or provision for payment of the fees of the Authority and the State Treasurer as agent for sale of the Bonds.

Each of the State Treasurer and the Authority, acting alone, may terminate this Bond Purchase Agreement if the Underwriter or the Borrower shall fail, by the Closing, to perform its obligations contained herein, upon written notice of such termination given to the Underwriter.

8. Fees and Expenses.

(a) The Borrower shall pay, or cause to be paid, all expenses and costs incident to the authorization, execution, sale and delivery of the Bonds to the Underwriter, including: (1) the costs of preparing, printing and delivering the Bonds and the Limited Offering Memorandum (including any supplements or amendments thereto); (2) fees and expenses of the Trustee, accountants, financial advisors or other consultants retained by the Authority, the State Treasurer or the Borrower; (3) fees for the title insurance; (4) expenses (included in the expense component of the spread) incurred on behalf of the employees or officers of the Borrower or the Lessee that are incidental to implementing this Bond Purchase Agreement, including, but not limited to, meals related to travel, transportation and lodging of such employees or officers; (5) any out-of-pocket disbursements of the Authority and the State Treasurer, fees and expenses of each of Bond Counsel, Counsel to the Authority, Underwriter's Counsel and the State Treasurer; and (6) any other expenses and costs of the Authority, the State Treasurer and the Borrower incident to the performance of their respective obligations in connection with the authorization, execution, sale and delivery of the Bonds, including out-of-pocket expenses and regulatory expenses, and any other

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expenses agreed to by the parties. All fees and expenses to be paid by the Borrower pursuant to this Bond Purchase Agreement may be paid from Bond proceeds to the extent permitted by the Bond Indenture.

(b) The Underwriter shall pay from the expense component of the Underwriter's spread all expenses incurred by it in connection with the public offering and distribution of the Bonds including, without limitation: (1) all advertising expenses in connection with the offering of the Bonds; and (2) all reasonable out-of-pocket disbursements and expenses incurred by the Underwriter in connection with the offering and distribution of the Bonds (excluding the fees and expenses of its counsel) including, CUSIP Bureau and California Debt and Investment Advisory Commission fees, if any, except as provided in subsection (a) above or as otherwise agreed to by the Underwriter, the Authority, and the Borrower.

9. Termination. This Bond Purchase Agreement may be terminated by the Underwriter if any of the conditions specified herein shall not have been fulfilled by the Closing upon written notice of such termination to the Authority and the Borrower. The Underwriter may also terminate this Bond Purchase Agreement prior to the delivery of and payment for the Bonds if, subsequent to the date hereof, there shall have occurred any event described pursuant to Section 6(b) hereof. The Authority and the Borrower may terminate this Bond Purchase Agreement if the Underwriter shall fail, by the Closing, to perform its obligations contained herein, upon written notice of such termination to the Underwriter.

Any notice of termination pursuant to this Section shall be given in the manner provided in the following section hereof. If this Bond Purchase Agreement shall be terminated as provided in the first paragraph of this Section, such termination shall be without any liability of the State Treasurer, the Authority, the Underwriter or the Borrower; provided, that the obligations of the Borrower set forth in Section 4(n) hereof and Section 8 hereof shall survive any such termination.

10. Notices. Any notice or other communication to be given to the Authority, the State Treasurer, the Lessee or the Borrower may be given by delivering the same to the address indicated on the first page hereof, any such notice or other communication to be given to the Underwriter may be given by delivering the same to Stifel, Nicolaus & Company, Incorporated, 2121 Avenue of the Stars, Suite 2150, Los Angeles, California 90067, Attention: John Kim.

11. Limitation of Liability of Authority and State Treasurer. Neither the Authority nor the State Treasurer shall be directly, indirectly, contingently or otherwise liable for any costs, expenses, losses, damages, claims or actions of any conceivable kind under any conceivable theory under this Bond Purchase Agreement or any document or instrument referred to herein or by reason of or in connection with this Bond Purchase Agreement or other document or instrument, except to the extent it receives amounts from the Borrower available for such purpose.

12. Indemnification.

(a) The Underwriter agrees to indemnify and hold harmless the Authority and the State Treasurer and the members, officers, agents and employees of the State Treasurer and the Authority against any losses, claims, damages or liabilities to which any of them may become subject, under federal securities laws, or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the "UNDERWRITING"

section of the Preliminary Limited Offering Memorandum or Limited Offering Memorandum, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or omission or alleged omission was made in the "UNDERWRITING" section of the Preliminary Limited Offering Memorandum or Limited Offering Memorandum or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Authority by the Underwriter expressly for use therein or reviewed without comment by the Underwriter; and will reimburse such indemnified parties for any legal or other expenses reasonably incurred thereby in connection with investigating or defending any such action or claim.

(b) Promptly after receipt by an indemnified party pursuant to subsection (a) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify of the commencement thereof, and shall be entitled to participate therein and to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party or shall otherwise have an actual or potential conflict in such representation), and, after notice to such indemnified party of its election so to assume the defense thereof, shall not be liable to such indemnified party under such subsection for any legal expenses or other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than costs of investigation; provided, however, that each indemnified party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Underwriter shall pay the fees and expenses of such separate counsel; provided further, however, that such indemnified party may only employ separate counsel at the expense of the Underwriter if (1) the indemnified party engages the of the State as separate counsel, (2) in the judgment of such indemnified party a conflict of interest exists by reason of common representation, (3) if all parties commonly represented do not agree as to the action (or inaction) of counsel, (4) if substantially different or additional defenses apply to such indemnified party, or (5) the Underwriter has failed to assume the defense and employ counsel reasonably acceptable to the indemnified party.

13. Parties in Interest. This Bond Purchase Agreement as heretofore specified shall constitute the entire agreement between us with respect to the subject matter of this Bond Purchase Agreement and supersedes all prior agreements and understandings, both written and oral, with respect to the subject matter of this Bond Purchase Agreement. This Bond Purchase Agreement is made solely for the benefit of the Authority, the State Treasurer, the Borrower, the Lessee (including the successors of the Authority, the State Treasurer, the Borrower, and the Lessee) and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Bond Purchase Agreement may not be assigned by the Authority, the State Treasurer, the Borrower or the Lessee. All of the representations, warranties and agreements contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter, the

State Treasurer or the Authority; and (ii) delivery of and payment for the Bonds pursuant to this Bond Purchase Agreement.

14. Governing Law; Venue. The laws of the State of California govern all matters arising out of or relating to this Bond Purchase Agreement, including, without limitation, its validity, interpretation, construction, performance, and enforcement. Any party bringing a legal action or proceeding against any other party arising out of or relating to this Bond Purchase Agreement shall bring the legal action or proceeding in the Sacramento County Superior Court, Sacramento, California, unless the Authority waives this requirement in writing. Each party agrees that the exclusive (subject to waiver as set forth herein) choice of forum set forth in this section does not prohibit the enforcement of any judgment obtained in that forum or any other appropriate forum. Each party waives, to the fullest extent permitted by law, (a) any objection which it may now or later have to the laying of venue of any legal action or proceeding arising out of or relating to this Bond Purchase Agreement brought in the Sacramento County Superior Court, Sacramento, California, and (b) any claim that any such action or proceeding brought in such court has been brought in an inconvenient forum.

15. Section Headings. Section headings have been inserted in this Bond Purchase Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Bond Purchase Agreement and will not be used in the interpretation of any provisions of this Bond Purchase Agreement.

16. Counterparts. This Bond Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

17. Electronic Signatures. Each of the parties hereto agrees that the transaction consisting of this Bond Purchase Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Bond Purchase Agreement using an electronic signature, it is signing, adopting, and accepting this agreement and that signing this Bond Purchase Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Bond Purchase Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Bond Purchase Agreement in a usable format.

18. Rules of Construction. The parties hereto acknowledge that each such party and their respective counsel have participated in the drafting and revision of this Bond Purchase Agreement. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Bond Purchase Agreement or any amendment or supplement or exhibit hereto or thereto.

[REMAINDER OF PAGE LEFT BLANK]

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Underwriter the enclosed duplicate whereupon it will become a binding agreement among the Authority, the Borrower, the Lessee and the Underwriter.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Underwriter

By:_____
Managing Director

[Signatures continue on next page]

[Counterpart signature page to the Bond Purchase Agreement]

ACCEPTED at _____ a.m./p.m. Pacific Time this 12th day of March, 2026.

TREASURER OF THE STATE OF CALIFORNIA

By:_____
Deputy Treasurer
For California State Treasurer Fiona Ma

CALIFORNIA SCHOOL FINANCE AUTHORITY

By:_____
Executive Director

[Signatures continue on next page]

[Counterpart signature page to the Bond Purchase Agreement]

ACCEPTED at _____ a.m./p.m. Pacific Time this 12th day of March, 2026.

MAGNOLIA PROPERTIES MANAGEMENT, INC., a California nonprofit public benefit corporation

By:_____
Alfredo Rubalcava
President

[Signatures continue on next page]

[Counterpart signature page to the Bond Purchase Agreement]

ACCEPTED at _____ a.m./p.m. Pacific Time this 12th day of March, 2026.

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION, a California nonprofit public benefit corporation

By:_____
Alfredo Rubalcava
Chief Executive Officer and Superintendent

EXHIBIT A

MATURITY SCHEDULE; REDEMPTION

$_____ Series 2026C Bonds

Maturity (July 1)	Type	Principal Amount	Interest Rate	Yield	Initial Offering Price*

$_____ Series 2026D Bonds

Maturity (July 1)	Type	Principal Amount	Interest Rate	Yield	Initial Offering Price

_____

* At least 10% of each maturity of the Series 2026C Bonds sold to the public on the sale date.

C Priced to yield to the first optional redemption date of July 1, 20__, at par.

Redemption:

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

November __, 2026

Stifel, Nicolaus & Company, Incorporated
Los Angeles, California

California School Finance Authority
Sacramento, California

California School Finance Authority Charter School Revenue Bonds
(Magnolia Public Schools – Obligated Group), Series 2026C

and

California School Finance Authority Charter School Revenue Bonds
(Magnolia Public Schools – Obligated Group), Series 2026D (Taxable)
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is provided pursuant to Section 6(c)(iii) of the Bond Purchase Agreement, dated October __, 2026 (the "Purchase Contract"), among Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), the California School Finance Authority (the "Authority"), the Treasurer of the State of California, as agent for sale on behalf of the Authority, Magnolia Properties Management, Inc., a California nonprofit public benefit corporation (the "Borrower"), and Magnolia Educational & Research Foundation, a California nonprofit public benefit corporation ("MERF"), providing for the purchase by the Underwriter of $_____ aggregate principal amount of California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group), Series 2026C (the "Series 2026C Bonds") and $_____ aggregate principal amount of California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group), Series 2026D (Taxable) (the "Series 2026D Bonds" and, together with the Series 2026C Bonds, the "Bonds"). The Bonds are being issued pursuant to an indenture, dated as of November 1, 2026 (the "Bond Indenture"), between the Authority and UMB Bank, National Association, as trustee (the "Trustee"), for the stated purpose of making a loan of the proceeds thereof to the Borrower. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Bond Indenture or, if not defined in the Bond Indenture, in the Purchase Contract.

We have delivered our final legal opinion (the "Bond Opinion") as bond counsel to the Authority concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Authority. You may rely on such opinion as though the same were addressed to you.

In connection with our role as bond counsel to the Authority, we have reviewed the Purchase Contract, the Bond Indenture, the Loan Agreement, the Master Indenture of Trust, the Supplemental MTI for Obligation No. 3, the Tax Certificate, opinions of counsel to the Authority, the Trustee, the Borrower and MERF, certificates of the Authority, the Trustee, the Borrower, MERF and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. We have assumed the correctness of the opinion of Musick, Peeler & Garrett LLP, counsel to the Borrower and MERF, regarding, among other matters, the current qualifications of the Borrower and MERF as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). We note that such opinion is subject to a number of qualifications and limitations. We have also assumed the correctness of representations of the Borrower and MERF regarding the use of the facilities financed or refinanced with the proceeds of the Bonds in activities that are not considered unrelated trade or business activities of the Borrower and MERF within the meaning of Section 513 of the Code. Failure of the Borrower or MERF to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or use of the bond-financed or refinanced facilities in activities that are considered unrelated trade or business activities of the Borrower and MERF within the meaning of Section 513 of the Code, could negatively affect several of the opinions set forth below.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the original delivery of the Bonds on the date hereof. We have assumed that each document and each signature thereon provided to us is genuine and that each such document has been duly and legally executed by, and constitutes a valid and binding agreement of, each party thereto other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Bond Indenture, the Loan Agreement, the Tax Certificate and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the Authority in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any real or personal property described in or as subject to the lien of the Bond Indenture or the Loan Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, except as expressly set forth in numbered paragraph 3 below, completeness or fairness of the Limited Offering Memorandum, dated October __, 2026 (the "Limited Offering Memorandum") or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Bond Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Purchase Contract has been duly executed and delivered by, and constitutes a valid and binding agreement of, the Authority.

3. The statements contained in the Limited Offering Memorandum under the captions "THE BONDS" (excluding information relating to the book-entry system, DTC and securities depositories), "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," "TAX MATTERS," Appendix C – "SUMMARY OF PRINCIPAL BOND DOCUMENTS," and Appendix H – "FORM OF OPINION OF BOND COUNSEL," excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Bond Indenture, the Loan Agreement, the Master Indenture of Trust, the Supplemental MTI for Obligation No. 3, and the form and content of the Bond Opinion, are accurate in all material respects.

This letter is furnished by us as bond counsel to the Authority. No attorney-client relationship has existed or exists between our firm and the Underwriter in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as Underwriter of the Bonds and the Authority, is solely for your benefit in these respective capacities in connection with the original delivery of the Bonds on the date hereof, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

EXHIBIT C

FORM OF CONSOLIDATED OPINION OF COUNSEL
TO THE BORROWER AND THE LESSEE

November __, 2026

California School Finance Authority
300 S. Spring Street, Suite 8500
Los Angeles, California 90013

UMB Bank, National Association
As Trustee
650 Town Center Drive, Suite 800
Costa Mesa, CA 92626

Stifel, Nicolaus & Company, Incorporated
2121 Avenue of the Stars, Suite 2050
Los Angeles, California 90067

Orrick, Herrington & Sutcliffe LLP
The Orrick Building
405 Howard Street
San Francisco, CA 94105

Re: California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026C, and California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026D (Taxable)

Ladies and Gentlemen:

EXHIBIT D

FORM OF OPINION OF COUNSEL TO THE AUTHORITY

November __, 2026

California School Finance Authority
Sacramento, California

Re: California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026C and

California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026D (Taxable)

Ladies and Gentlemen:

We have acted as counsel to the California School Finance Authority (the "Authority") in connection with the issuance of the above-referenced bonds (the "Bonds"). This opinion is delivered to you pursuant to Section 6(c)(xv) of the Bond Purchase Agreement, dated November __, 2026 (the "Purchase Agreement"), among the Authority, the Treasurer of the State of California, as agent for sale on behalf of the Authority, and Stifel, Nicolaus & Company, Incorporated, as underwriter, and approved by Magnolia Properties Management, Inc. (the "Borrower") and Magnolia Educational & Research Foundation.

The Bonds are authorized to be issued pursuant to the provisions of the California School Finance Authority Act, constituting Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State of California. The Bonds are being issued under a bond indenture, dated as of November 1, 2026 (the "Bond Indenture"), between the Authority and UMB bank, National Association, as bond trustee (the "Bond Trustee"). The proceeds of the Bonds are being loaned by the Authority to the Borrower pursuant to a loan agreement, dated as of November 1, 2026 (the "Loan Agreement"), between the Authority and the Borrower. Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Bond Indenture.

The Authority's only source of payment for the principal of, premium, if any, or interest on the Bonds are revenues from payments by the Borrower and from certain other limited sources provided for and described in the Bond Indenture. The Authority is not obligated to pay the principal of, premium, if any, or interest on the Bonds except from such revenues and certain other limited sources provided for and described in the Bond Indenture. Neither the faith and credit nor the taxing power of the State of California or any subdivision thereof, or any local agency, is pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Authority has no taxing power with which to provide for payment of the principal of, premium, if any, or interest on the Bonds, nor does it have the power to commit the faith and credit or the taxing power of the State of California or any subdivision thereof, or any local agency, to the payment of the principal of, premium, if any, or interest on the Bonds.

As to questions of fact material to this opinion, we have relied upon representations contained in the Indenture, the Loan Agreement, and the Purchase Agreement] (the "Authority Documents") and in certain certificates, documents, records, statements, and opinions furnished by, or on behalf of, the Authority and the Borrower, without undertaking to verify such facts by independent investigation. We have reviewed the Authority Documents, certificates of the Authority and others, information in the Limited Offering Memorandum dated as of [date] relating to the Bonds (the "Limited Offering Memorandum") under the captions "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION – The Authority," and such other documents, opinions, and matters to the extent deemed necessary to render the opinions set forth herein. In addition, we have assumed compliance with the covenants and agreements contained in the Authority Documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof, and we disclaim any obligation to update this opinion. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted, or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the immediately preceding paragraph hereof.

We express no opinion as to whether interest on the Bonds is excluded from gross income for federal income tax purposes or exempt from State of California personal income taxes or as to any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. Although one or more Authority Documents may reference or incorporate the [Tax Certificate/Agreement], we express no opinion regarding the [Tax Certificate/Agreement]. We take no responsibility for the accuracy, completeness, or fairness of the Limited Offering Memorandum or other offering material relating to the Bonds and express no opinion with respect thereto, except as expressly set forth in numbered paragraph (2) below.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that:

1. The Authority is a public instrumentality validly existing under the Constitution and laws of the State of California.

2. The Limited Offering Memorandum has been duly authorized by the Authority, and the information contained in the Limited Offering Memorandum under the captions "THE AUTHORITY" and "ABSENCE OF MATERIAL LITIGATION – The Authority" is true and correct.

3. Resolution No. 26-__, adopted on September 24, 2026, approving and authorizing the execution and delivery of the Authority Documents, the Bonds, and the Limited Offering Memorandum, was duly adopted at a meeting of the governing body of the Authority which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

4. There is no action, suit, or proceeding pending (with service of process against the Authority having been accomplished) or any action, suit, proceeding, inquiry, or investigation before any court, governmental agency, or public board or body to our knowledge threatened against the Authority to restrain or enjoin the issuance or delivery of the Bonds, the collection of revenues pledged under the Bond Indenture, the assignment of the Loan Agreement under the Indenture, or the loaning of the proceeds of the Bonds to the Borrower under the Loan Agreement, or contesting any authority for the issuance of the Bonds, the validity of the Bonds, or the Authority Documents, or contesting the existence or powers of the Authority with respect to the issuance of the Bonds or the security therefor, wherein an unfavorable decision, ruling, or finding would materially adversely affect the transactions contemplated by the Authority Documents or the validity of the Bonds (it being understood that we have made no docket search of state or federal courts nor any other similar inquiry regarding such matters).

5. The execution and delivery of the Bonds and the Authority Documents and compliance with the provisions thereof under the circumstances contemplated thereby do not and will not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any agreement or other instrument known to us to which the Authority is a party or by which it is bound or any existing law, regulation, court order, or consent decree to which the Authority is subject, which would, in any such case, materially adversely affect the Authority's ability to perform its obligations under the Authority Documents; provided that no representation is made regarding compliance with any federal or state securities or "blue sky" laws.

6. The Authority Documents have been duly authorized, executed, and delivered by the Authority and, assuming due authorization, execution, and delivery by the other parties thereto, are valid and binding obligations of the Authority, and the Bonds have been duly authorized, executed, and delivered by the Authority and, assuming proper authentication by the Bond Trustee, constitute valid and binding limited obligations of the Authority, payable only from revenues and from certain other specified funds in accordance with their terms and secured as provided in the Indenture, in each case enforceable in accordance with their respective terms, subject to the laws relating to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws related to or affecting creditors' rights generally, to the application of equitable principles as the court having jurisdiction may impose, regardless of whether such enforceability is considered in a proceeding in equity or law, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against governmental entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, severability, or waiver provisions contained in the Authority Documents.

We are furnishing this letter to you as your counsel. It is being delivered to you as issuer of the Bonds, is solely for your benefit as such issuer, and is not to be used, circulated, quoted, or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Respectfully submitted,

EXHIBIT E

FORM OF ISSUE PRICE CERTIFICATE

$_____
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(MAGNOLIA PUBLIC SCHOOLS – OBLIGATED GROUP)
SERIES 2026C

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated ("Stifel") hereby certifies as set forth below with respect to the sale and issuance of the above-captioned bonds (the "Bonds").

1. ***Sale of the Bonds***. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity was sold to the Public is the respective prices listed in Schedule I.

2. ***Defined Terms***.

(a) *Issuer* means the California School Finance Authority.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is October __, 2026.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate to which this certificate is included as Exhibit B thereto and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP in connection with rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

STIFEL, NICOLAUS & COMPANY,
INCORPORATED

By:_____
Authorized Signatory

By:_____
Authorized Signatory

Dated: March 26, 2025

APPENDIX A

CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP

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APPENDIX A

CERTAIN INFORMATION REGARDING MERF, THE FINANCED SCHOOLS, THE BORROWER AND THE MEMBERS OF THE OBLIGATED GROUP

Certain statements contained in this Appendix A reflect forecasts, projections and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved. Actual results may differ materially from the forecasts described herein. In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Limited Offering Memorandum. Unless otherwise noted, all information, data, and projections in this Appendix A were furnished by the Lessee. All capitalized terms in this Appendix A that are not defined herein will have such meaning as given to them in the forepart of this Limited Offering Memorandum.

THE LESSEE

Magnolia Educational & Research Foundation, doing business as Magnolia Public Schools (the "Lessee" or "MERF") is a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. MERF operates as a nonprofit charter management organization headquartered in Los Angeles, California, that operates a network of charter schools throughout the State, including Magnolia Science Academy ("MSA-1"), Magnolia Science Academy 2 ("MSA-2"), Magnolia Science Academy 5 ("MSA-5"), Magnolia Science Academy-San Diego ("MSA-SD"), and Magnolia Science Academy-Santa Ana ("MSA-SA" and together with MSA-1, MSA-5 and MSA-SD, the "Financed Schools"). MERF currently operates eleven charter schools (collectively referred to herein as the "Magnolia Schools"), most recently opening Magnolia Science Academy-Orange County ("MSA-OC"), in the fall of 2025. While each Magnolia School has its own charter, MERF operates all of the Magnolia Schools as a single California nonprofit corporation. MERF was incorporated on August 28, 1997.

MERF is dedicated to inspiring students to choose career paths in science, technology, engineering, arts, and mathematics ("STEAM"), while providing a robust, standards-based education program within a supportive culture that strives toward excellence. MERF's "culture of excellence" is based on (1) core values, (2) the cultivation of college aspirations, and (3) a dedicated, highly trained faculty that implements a comprehensive educational approach.

MERF's central office (the "Central Office") executes the decisions and policies set by the Board of Directors of MERF (the "Board") and manages business operations in the Magnolia Schools. The responsibilities of the Central Office include overseeing operations for compliance with charter agreements, hiring school principals, managing payroll, purchasing, budgeting and auditing, community outreach, public relations, data management, information technology and facilities, and serving as a point of contact for the chartering agency.

About the Lessee

History. In 1998, MERF began its first project of providing volunteer tutors for middle and high school students, especially for math, science and computer technology assistance, utilizing its connections to major research universities throughout southern California. In 1999, MERF organized and implemented a joint program with the Culver City Unified School District to provide tutoring for district students. It also started a free tutoring program in the Sherman Oaks/Van Nuys Area of the San Fernando Valley. These programs resulted from cooperative partnerships with school districts to support educational initiatives.

In the fall of 2002, MERF established its first charter school, MSA-1, in the San Fernando Valley of southern California. Since then, MERF has grown in size and sophistication, establishing ten other charter schools in the State of California (the "State"), while maintaining the goal of providing an innovative, high-quality education to students. MERF is the largest STEAM-focused charter management organization in the State.

Charter Schools Operated by the Lessee

MERF currently operates eleven Magnolia Schools under five different charter authorizers. MERF opened its eleventh Magnolia School, MSA-OC, in the fall of 2025. MERF has completed more than 20 initial charter authorizations and/or renewals with charter authorizers. Magnolia Schools serves approximately 3,811 students in TK through grade 12 in school year 2025-26. The following table summarizes the Magnolia Schools currently operated by the Lessee.

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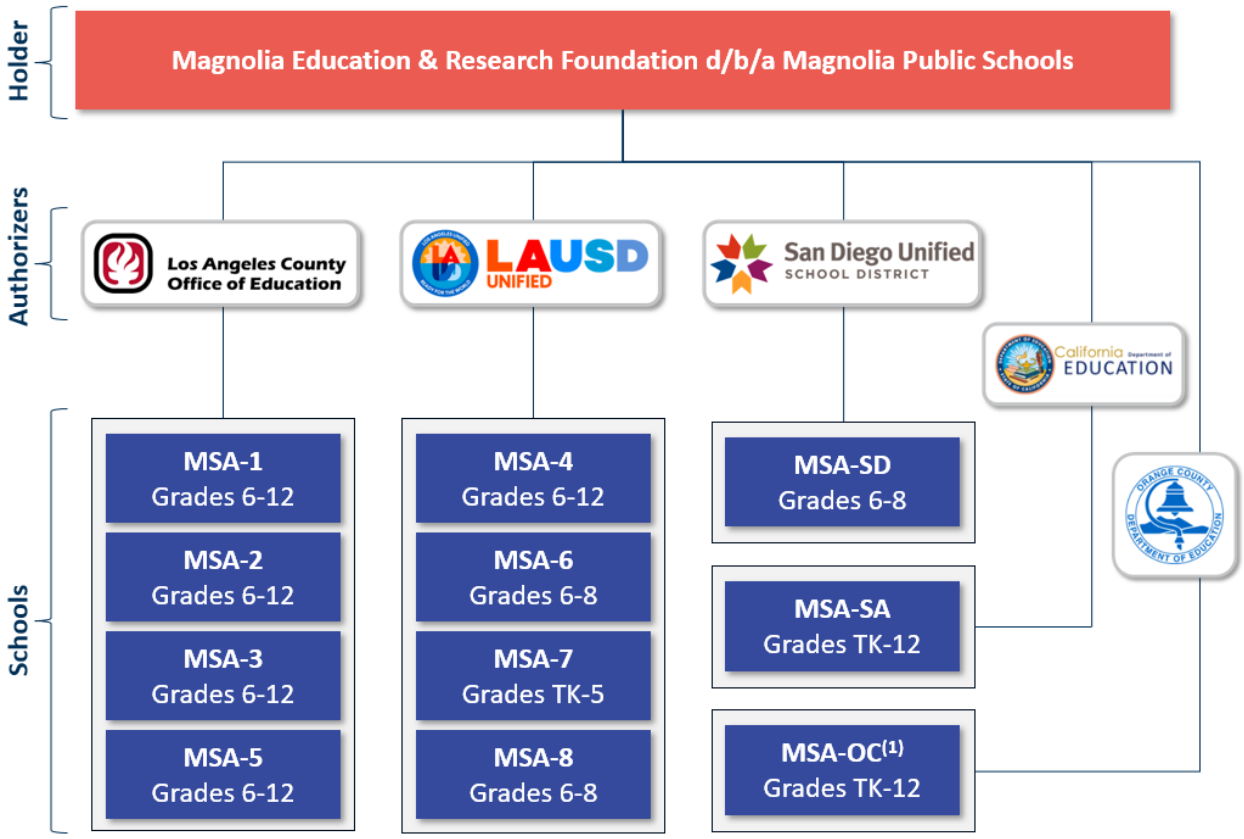
TABLE 1
SUMMARY OF CHARTER SCHOOLS
The Lessee

School	*First Year of Operation*	*Grades Served (2026-27)*	*Enrollment (2025-26)*[1]	*Current Enrollment (2026-27*[1]	*Projected Enrollment (2029-30)*	*Charter Expiration*	*Authorizer*	*No. of Renewals*
Magnolia Science Academy 1 ("MSA-1")	2002	6-12	677	708	708	6/30/2030	LACOE[2]	4
Magnolia Science Academy 2 ("MSA-2")	2007	6-12	448	427	427	6/30/2030	LACOE[2]	3
Magnolia Science Academy 3 ("MSA-3")	2008	6-12	395	338	351	6/30/2030	LACOE[2]	3
Magnolia Science Academy 4 ("MSA-4")	2008	6-12	123	120	137	6/30/2031	LAUSD[3]	3
Magnolia Science Academy 5 ("MSA-5")	2008	6-12	194	449	453	6/30/2031	LACOE[2]	3
Magnolia Science Academy 6 ("MSA-6")	2009	6-8	157	136	159	6/30/2027	LAUSD[3]	2
Magnolia Science Academy 7 ("MSA-7")	2010	TK-5	276	293	294	6/30/2027	LAUSD[3]	2
Magnolia Science Academy 8 ("MSA-8")	2010	6-8	395	370	435	6/30/2028	LAUSD[3]	2
Magnolia Science Academy San Diego ("MSA-SD")	2005	6-8	481	484	490	6/30/2028	SDUSD[4]	3
Magnolia Science Academy Santa Ana ("MSA-SA")	2014	TK-12	586	626	637	6/30/2027	CDE[5]	1
Magnolia Science Academy Orange County ("MSA-OC")	2025	TK-6[7]	79	140	201	6/30/2029	OCDE[6]	--
Total			***3,811***	***4,091***	***4,292***			***26***

(1) Reflects certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System in each school year for school year 2025-26; current enrollment for 2026-27. Enrollment may vary throughout the year as students enroll at or leave the Magnolia Schools.
(2) Los Angeles County Office of Education.
(3) Los Angeles Unified School District.
(4) San Diego Unified School District.
(5) California Department of Education.
(6) Orange County Office of Education.
(7) In 2024, MERF received authorization from the OCDE to open MSA-OC - a countywide benefit charter - which will operate four new school sites, ultimately serving students in TK-12, in underserved communities across Orange County. This milestone reinforces MERF's commitment to providing high-quality STEAM education and expands its footprint in Placentia-Yorba Linda Unified School District, Orange Unified School District, Irvine Unified School District and Saddleback Unified School District.

Source: The Lessee.

FIGURE 1
OVERVIEW OF CHARTERS
The Lessee



(1) Opened in Fall 2025 and will serve grades TK-12 at full operation. Currently serving grades TK-6.
Source: The Lessee.

Powered by BoardOnTrack

Facilities, Neighborhood and Student Demographics. The Magnolia Schools are housed at the sites described below:

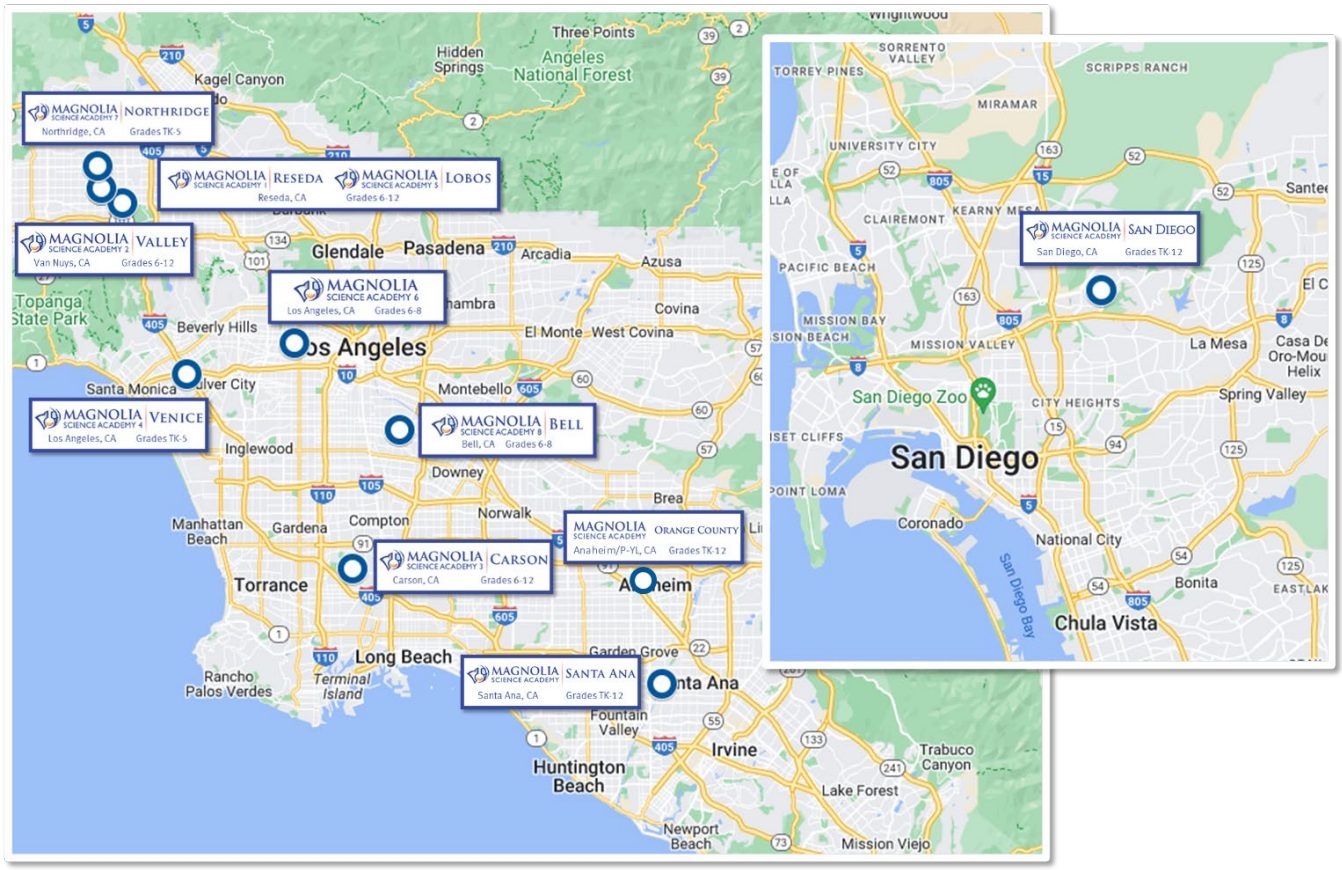
TABLE 2
SUMMARY OF ALL MERF FACILITIES
Magnolia Schools

School Name	*Current School Address*	*Type*
MSA-1	18238 Sherman Way, Reseda, CA 91335	Privately owned (subject to the Mortgage)[1][2]
MSA-2[3]	17125 Victory Blvd., Lake Balboa, CA 91406	In-lieu of Prop 39
MSA-3	1254 East Helmick St., Carson, CA 90746	In-lieu of Prop 39
MSA-4	11330 W. Graham Pl., Los Angeles, CA 90064	Prop 39
MSA-5[4]	18238 Sherman Way, Reseda, CA 91335	See MSA-1 above
MSA-6	745 S Wilton Pl., Los Angeles, CA 90005	Prop 39
MSA-7	18355 Roscoe Blvd., Northridge, CA 91325	Private church lease
MSA-8	6411 Orchard Ave, Bell, CA 90201	LAUSD Public School Choice Program
MSA-SD	6525 Estrella Ave., San Diego, CA 92120	Ground Use License with SDUSD (subject to Security Agreement)[1][5]
MSA-SA	2840 W. 1st St., Santa Ana, CA 92703	Privately owned[6]
MSA-OC	412 W. Carl Karcher Way, Anaheim, CA 92801	Privately owned
	1891 Kellogg Dr., Anaheim, CA 92807	In-lieu of Prop 39

_____
[1] Subject to the Mortgage of the Series 2025 Bonds.
[2] MPM Sherman Way is the owner of the MSA-1 Facilities. MPM Sherman Way leases the MSA-1 Facilities to MERF for the operations of MSA-1.
[3] MSA-2 may relocate. See "OPERATING AND FINANCIAL INFORMATION – Future Projects" herein.
[4] MSA-5 is currently co-located at the site for the MSA-1 site. MSA-5 is expected to operate at the MSA-5 Facility after its completion.
[5] MERF uses the MSA-SD site pursuant to a Ground Use License between SDUSD and MERF. MPM San Diego leases the MSA-SD Facilities to MERF for the operation of MSA-SD.
[6] MERF owns the MSA-SA Facilities and operates MSA-SA at the MSA-SA Facilities.
Source: The Lessee.

Below is a map showing the locations of the Magnolia Schools.

FIGURE 2
CURRENT LOCATION MAGNOLIA SCHOOLS



Source: The Lessee.

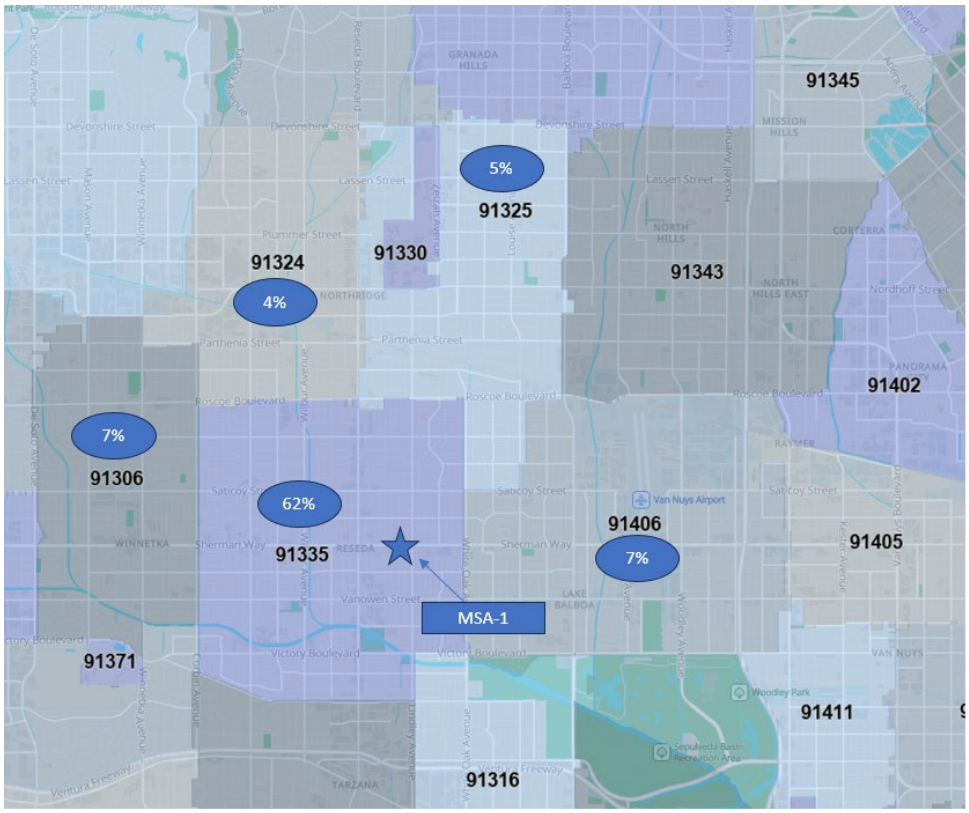
Service Area. The tables below show number of students in the top five zip code served by each of the Financed Schools, while the accompanying maps show the service areas of each of the Financed Schools, including those top five zip codes.

TABLE 3
STUDENT DISTRIBUTION AMONG TOP 5 ZIP CODES
Percentage of Enrollment
2025-26
MSA-1

Zip Code	*MSA-1*
91335	62%
91406	7
91306	7
91325	5
91324	4
All Others	14
Total	100

_____
Source: The Lessee.

FIGURE 3
STUDENT DISTRIBUTION AMONG TOP 5 ZIP CODES
2025-26
MSA-1



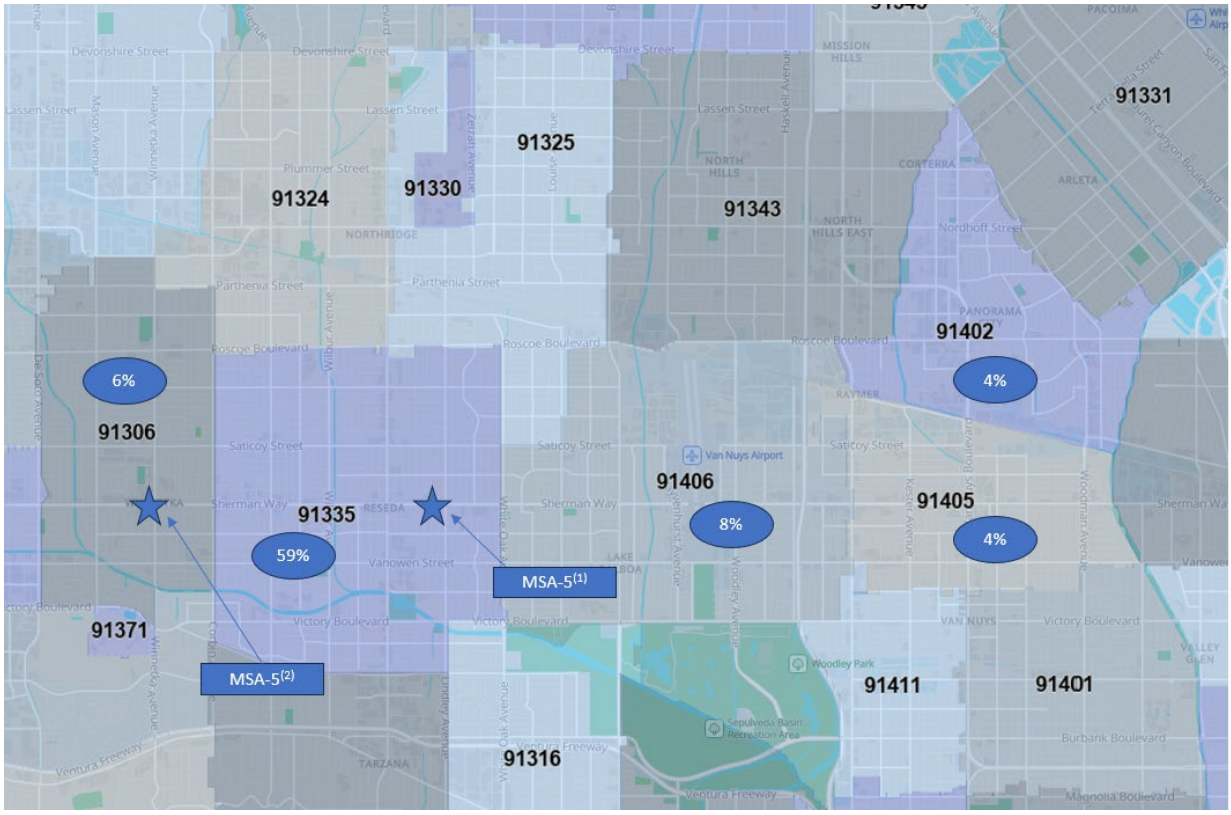
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Source: The Lessee.

TABLE 4
STUDENT DISTRIBUTION AMONG TOP 5 ZIP CODES
Percentage of Enrollment
2025-26
MSA-5

Zip Code	*MSA-5*
91335	59%
91406	8
91306	6
91402	4
91405	4
All Others	20
Total	100

Source: The Lessee.

FIGURE 4
STUDENT DISTRIBUTION AMONG TOP 5 ZIP CODES
2025-26
MSA-5



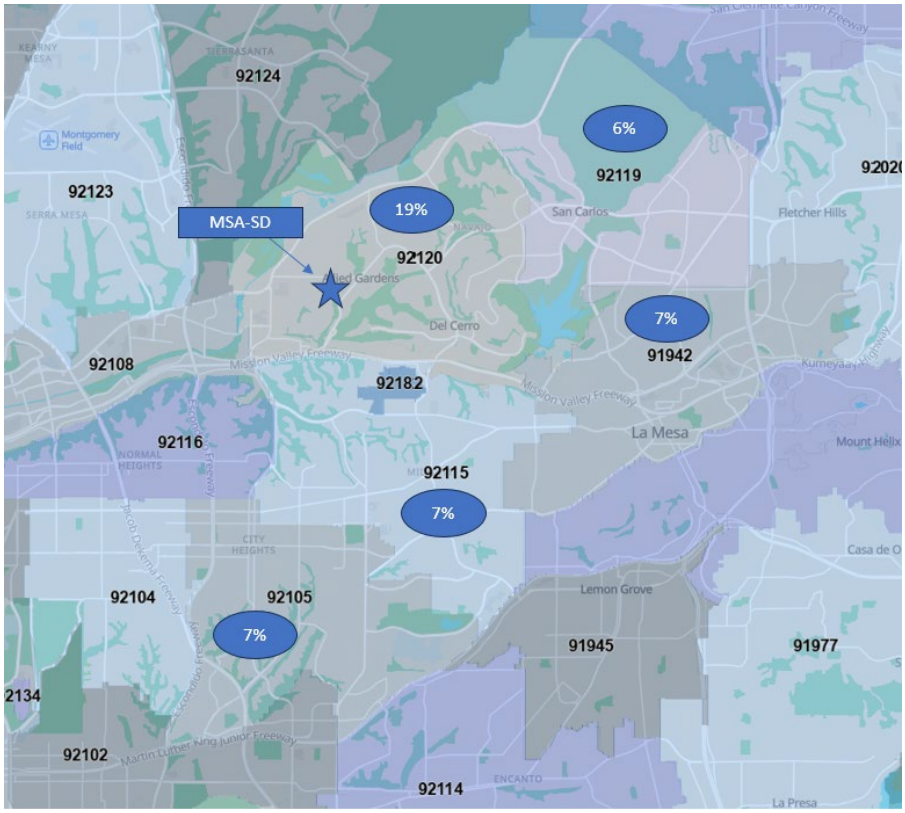
(1) Current location of MSA-5 which is co-located at the site for the MSA-1.
(2) Future location of MSA-5 of 7111 Winnetka Avenue, Winnetka, CA 91305.
Source: The Lessee.

TABLE 5
STUDENT DISTRIBUTION AMONG TOP 5 ZIP CODES
Percentage of Enrollment
2025-26
MSA-SD

Zip Code	*MSA-SD*
92120	19%
91942	7
92105	7
92115	7
92119	6
All Others	53
Total	100

Source: The Lessee.

FIGURE 5
STUDENT DISTRIBUTION AMONG TOP 5 ZIP CODES
2025-26
MSA-SD



Source: The Lessee.

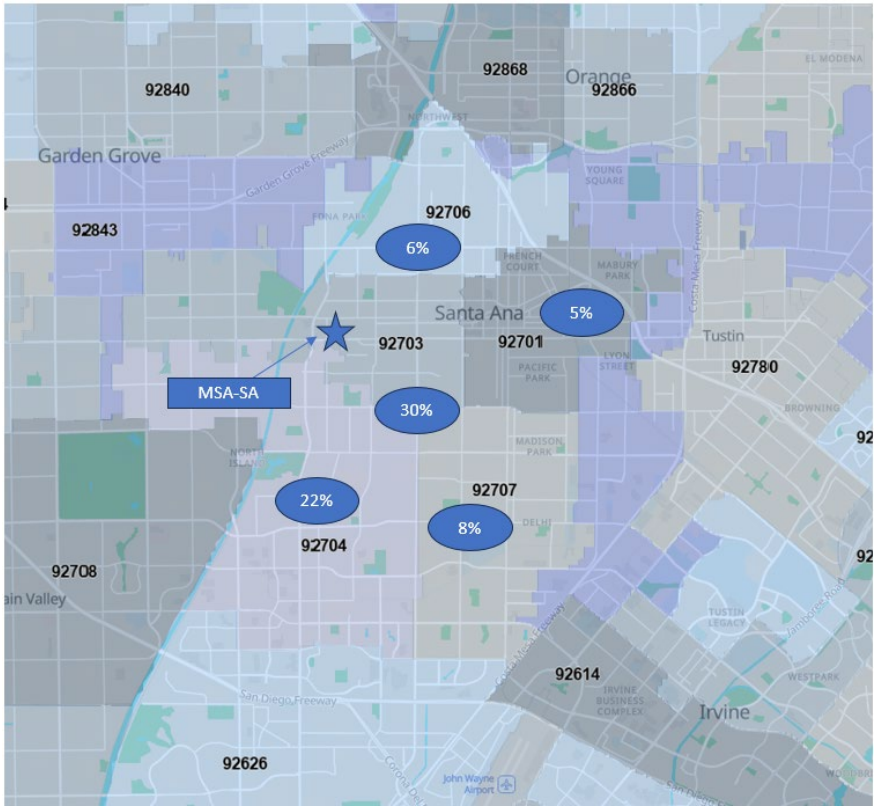
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TABLE 6
STUDENT DISTRIBUTION AMONG TOP 5 ZIP CODES
Percentage of Enrollment
2025-26
MSA-SA

Zip Code	*MSA-SA*
92703	30%
92704	22
92707	8
92706	6
92701	5
All Others	29
Total	100

Source: The Lessee.

FIGURE 6
STUDENT DISTRIBUTION AMONG TOP 5 ZIP CODES
2025-26
MSA-SA



Source: The Lessee.

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Student Demographics. Certain student demographics of the Lessee for the 2025-26 school year are presented in the following table.

TABLE 7
STUDENT DEMOGRAPHICS[(1)]
2025-26
The Lessee

	Total Students	*English Language Learner*	*Free or Reduced Priced Lunch Eligible*	*Hispanic*	*White*	*Black*	*Students with Disabilities*
MSA-1	677	25.4%	70.9%	87.9%	0.7%	4.7%	**16.7%**
MSA-2	448	17.0%	69.4%	92.0%	1.8%	3.1%	18.8%
MSA-3	395	5.1%	57.0%	49.4%	47.1%	0.5%	21.0%
MSA-4	123	15.4%	59.3%	91.9%	4.9%	2.4%	25.2%
MSA-5	194	19.6%	68.0%	81.4%	2.6%	6.7%	15.5%
MSA-6	157	17.8%	90.4%	83.4%	7.0%	3.2%	14.1%
MSA-7	276	29.7%	72.8%	67.0%	4.0%	15.6%	12.7%
MSA-8	395	12.7%	71.6%	93.7%	0.0%	4.8%	11.6%
MSA-SD	481	1.5%	25.2%	33.7%	5.2%	38.9%	20.6%
MSA-SA	586	25.3%	74.4%	82.3%	1.4%	12.6%	16.4%
MSA-OC	79	22.8%	73.4%	69.6%	2.5%	8.9%	21.5%
Total	**3,794**	**17.3%**	**64.6%**	**75.0%**	**7.0%**	**10.5%**	**17.2%**

(1) Certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System. Enrollment may vary throughout the Magnolia Schools year as students enroll at or leave.
Source: The Lessee; California Department of Education.

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Management Services Provided to Magnolia Schools

The Lessee provides administrative services similar to those that might be provided by a school district's central office. These functions include:

Academics

- Academic standards, assessment, compliance, and evaluation
- Curriculum
- Professional development and coaching
- Special Education support
- English Learner support
- Gifted and Talented and special programs support
- Science and blended learning advisory

Operations

- Governance support
- Finance and accounting
- Purchasing and contract compliance
- Policies and procedures management
- Legal
- Facilities
- Risk management
- Information technology and data management
- Auditing and compliance
- Regional school site operational support

Talent

- Human resources operations
- Recruitment and hiring
- Credentials and qualifications oversight
- Leadership development and career path support

External Relations

- Family and community engagement
- Facilitation of school site stakeholder groups and Local Control and Accountability Plan management
- Development
- Communications

As required by the Master Trust Indenture, payment of management fees by MERF for the provision of services to the Magnolia Schools, as covenanted by the Lessee, will be subordinated to the obligation to pay Rent under the Leases and loan repayments under the Loan Agreement. See "THE LEASES" in the forepart of this Limited Offering Memorandum.

Recognition, Grants and Awards

National, Statewide and Local Awards. MERF and the Magnolia Schools have been awarded the following national, statewide and local awards and grants:

- USDOE Charter Schools Program Grants to CMOs:
  - Recipient of an $11.3 million award;
  - 1 of 17 awardees in 2024
  - Highest applicant score in 2024, 2nd highest since 2010.
- California Distinguished School: MSA-2 and MSA-SD recognized as 2024 CA Distinguished Schools.
- Blue Ribbon School: MSA-SD was recognized as a 2025 California Blue Ribbon School by the CDE for its success in closing achievement gaps for all students and positive school culture.
- California Department of Education Community Schools Planning & Implementation Grants: Ten Magnolia Schools were awarded this grant totaling over $14 million.

- California Department of Education Early College Program Grants: Awarded $1.5 million through the College and Career Access Pathways and Middle College and Early College Grants to enhance Early College Programs.
- CCSA Hart Vision Equity & Innovation Awards: 2024 School of the Year.
- Charter School Growth Fund: Charter School Growth Fund ("CSGF") has invested over $5 million in MERF. CSGF is a nationally-renowned, non-profit social venture capital fund that makes multi-year philanthropic investments in the highest-performing charter school networks nationwide to help their expansion and growth. CSGF solicits and aggregates philanthropy from large national and regional foundations, charities and other social investors that invest heavily in public education reform and works diligently to invest these philanthropic funds into high-impact, high-performing charter school networks in order to maximize the "social return" on investment (i.e. create the maximum number of new seats at high-quality charter schools to accommodate more student enrollment and/or develop new educational practices/approaches that have the potential to improve academic outcomes in public educational systems).CGSF is funded by the largest charter school philanthropists in the country including the Bill & Melinda Gates Foundation, Walton Family Foundation, Broad Foundation, and many others.
- US News & World Report:
  - MSA-1 ranked among top 6% of high schools in CA.
  - MSA-SA ranked #2 high school in Santa Ana, #7 in OC, #49 in CA, #358 national (2023).
- America's Healthiest Schools Award: MSA-3, MSA-6, MSA-SA recognized for outstanding family and community engagement in 2024.
- CA PBIS Implementation Award
  - MSA-2 and MSA- SD received the Platinum Implementation Award (in 2024 and 2023 & 2024, respectively).
  - MSA-SA, MSA-4 & MSA-5 received the Gold Implementation Award (2023).
- Advanced Placement Access Award: MSA-SA was recognized by the College Board for equitable AP participation (2023).
- AP Computer Science Female Diversity Award: MSA-3 (2020) and MSA-5 (2022) were recognized by the College Board for attaining equal female representation in their AP Computer Science class, among only 3% of schools nationwide.
- Athletic Championships
  - MSA-1: CIF City Section Div. 5 Girls Soccer Championship ('24).
  - MSA-2: FIYA Girls Volleyball Div. 1 Valley League Champions ('24).
  - MSA-2: CIF City Section Div. 5 Boys HS Volleyball Champions ('24).
  - MSA-5: FIYA Basketball Valley League Champions ('23).
  - MSA-SD: Archery State Champions (Team 1st Place in '15, '19, '24).
- National Competition Awards: Magnolia Schools students have won hundreds of awards in nationwide math, computer, science competitions and science fairs including: USA Computer Olympiad, American Computer Science League, American Mathematics Competitions, and the Los Angeles, Orange County, and San Diego County Science Fairs.

Mission and Vision

Mission. The mission of Magnolia Schools is to provide a safe and nurturing community using a whole-child approach to provide a high-quality, college preparatory STEAM educational experience in an environment that cultivates respect for self and others.

Vision. The vision of Magnolia Schools is that graduates of Magnolia Schools commit to building a more peaceful and inclusive global society by transforming traditional ideas with creative thinking, effective communication, and the rigor of science.

CURRICULUM AND EDUCATIONAL PROGRAMS

Instructional Model

MERF's journey began with a strong emphasis on STEM/STEAM education, grounded in project-based learning, engaging instructional programs, and enrichment activities. This foundation was further fortified through strategic partnerships with higher education institutions, resulting in a robust STEAM-focused curriculum emphasizing hands-on learning and real-world applications.

As MERF's educational model evolved, MERF expanded its commitment to student success by introducing Early College Education. By integrating dual enrollment opportunities with colleges and universities, MERF created new pathways for students to earn college credits while still in high school. This initiative not only facilitates their transition to higher education but also equips them with the skills and confidence necessary for academic and career success. See "MAGNOLIA SCHOOLS – College Readiness and Outcomes – Dual Enrollment Participation" herein.

Combining STEAM-focused education with Early College opportunities, MERF provides a comprehensive framework designed to prepare students for the challenges of higher education and beyond. Additionally, MERF introduced the Community Schools model to enhance its educational approach further. This model prioritizes individualized student supports, family and community engagement, collaborative leadership, and extended learning opportunities, fostering a nurturing environment where students can flourish academically, socially, and emotionally.

Student Learning Outcomes

MERF uses student learning outcomes ("SLOs") as measurable schoolwide goals that every student is expected to achieve upon graduation from a Magnolia School. MERF embeds SLOs within the curriculum of each Magnolia School, including the Life Skills program, instructional practice, core values, and daily culture of the Magnolia School. The following chart sets forth MERF's current SLOs.

SCHOLARS who:	• Think critically. • Develop academic plans and goals to guide in their pursuit towards a college degree and career choices (planning). • Apply, analyze, identify, synthesize and evaluate information and experiences. • Connect the skills and content learned across the curriculum and evaluate multiple points of view. • Use the Inquiry Process to address a problem, hypothesize, analyze, and draw conclusions as they investigate an issue/problem. • Utilize problem-solving techniques during conflict resolution and to compromise.

INDEPENDENT SCHOLARS who:

- Exhibit the ability to integrate technology as an effective tool in their daily lives.
- Use technology effectively to access, organize, research, and present information.
- Demonstrate effective oral and written communication skills through the use of academic language at school, with peers and in the community.
- Demonstrate content area and grade level achievement in Reading, Writing, Mathematics, History and Science.
- Are self-directed.
- Meaningfully engage in learning activities.
- Make informed decisions on their learning pathways.
- Know their readiness levels, interests, and backgrounds.
- Understand their own learning styles and intelligence preferences.
- Reflect on their learning.
- Accept and integrate feedback.
- Adapt to change.

COMMUNITY FOCUSED CITIZENS who:

- Embrace and respect cultural diversity through the understanding of our Global World.
- Demonstrate knowledge and understanding of American and World History and the values of different cultures.
- Contribute to the improvement of life in their school and local community through Leadership skills and participation in Community Projects.
- Demonstrate knowledge of proper nutrition, exercise and physical health and its impact on daily life.
- Collaborate, work effectively, and manage interpersonal relationships within diverse groups and settings.
- Develop their ability to affect change in the world.
- Understand and reflect on connections between their community and global connectedness and how it affects the broader world through global awareness.
- Understand that outreach is a responsibility.
- Realize that agitation is a mechanism to activism.

Source: The Lessee.

Curriculum and Instruction

Guiding Principles. MERF has established goals for its students to ensure that they are academically achieving, technologically fearless, creatively empowered, and socially and civically engaged. In accordance therewith, MERF's curriculum and instruction model follows the belief that (1) all students are brilliant and are capable of growing academically and emotionally, (2) it is responsible, as educators, to provide scholars with the tools and contexts they need to accomplish their goals; and (3) all students bring a unique set of skills and talents to the school community.

In addition, MERF follows research and experience, which indicate that learning best occurs when students are engaged and actively involved in the learning experience, have multiple opportunities to make interpersonal connections with the world, and relate their experiences to what they are learning in school. Accordingly, MERF strives to facilitate student learning.

MERF believes that individual needs are intrinsically motivating. Accordingly, MERF allows students to assess their unique learning needs and styles, and MERF teaches students how to articulate those needs through effective communication. MERF believes that this process helps guide educators in the development of personalized curriculum which is aligned to each student's needs. In addition, MERF collects and disaggregates data in order to monitor and measure student growth and to provide immediate feedback.

MERF uses an educational program based on, among other things, the Common Core standards. Students are expected to participate in inquiry and project-based activities to help in the acquisition of core academic knowledge, problem-solving skills, and critical thinking skills. MERF and the faculty of each Magnolia School design curriculum to be relevant to the applicable student demographic and to allow students to explore and connect to the world.

Teachers at each Magnolia School follow a model pursuant to which students have multiple opportunities to work collaboratively in teams. Accordingly, teachers are expected to assume the role of facilitators of meaningful learning experiences rather than transmitters of knowledge. MERF believes that this model allows students to build on their existing knowledge as guided experiences to help them discover and develop the underlying ideas and concepts.

In addition to the teachers, MERF seeks to incorporate parents as integral participants in successful student learning. MERF believes that the involvement of all stakeholders helps to develop a school's culture and its identity as a family and a community. Further, MERF believes that students whose parents are involved in their learning are likely to experience higher academic achievement, better attendance, higher graduation rates, and a better chance of continuing with their education beyond high school.

Core Values. MERF has identified the following core values, which are reinforced through the Life Skills curriculum, SLOs, and all school activities:

Academic Excellence. Academic Excellence is the desire to pursue knowledge and excellence and to contribute original and provocative ideas in a learning environment, in diverse settings, and as a catalyst to future academic knowledge. MERF fosters academic excellence through project-based learning using a constructivist approach, student portfolios, assessments of and for learning and academic discourse and argumentative writing. Scholars learn where and how to access the needed information to advance their academic pursuits and societal contributions.

Innovation. Students have the freedom to choose how and what they learn. Individualized scheduling, early identification of learning styles, personalities, interest and career plans support students' college and career readiness. This core value includes student participation in their four-year plans, after-school enrichment programs, STEAM program choice options, adaptive assessments and blended learning strategies, differentiated instruction and differentiated and adaptive assessments.

Connection. School communities are integrated partnerships with the school site staff, families, students, and all other stakeholders. MERF believes that this model creates a safe place for all learners and stakeholders to affirm individual strengths, celebrate character, provide academic support through mentorship and internship, and promote unity and better decision making through the implementation of restorative justice practices. In addition, community cultivates identity and gives each member a sense of belonging and pride. MERF utilizes home visits, student surveys, field trips, life skills classes and coaching to support overall community-based goals. Each Magnolia School works with community partners to establish mentoring relationships and other social capital to support students' development of personal and academic networks for long-term resilience and connection.

The following diagram sets forth the core values incorporated into MERF's model for student instruction and development.



Source: The Lessee.

STEAM is the platform by which MERF enhances instruction, increases intrinsic motivation, and makes learning relevant through real life connections. MERF plans to use the latest and most innovative tools to maximize personalization and customization for a superior, personalized academic program for students through

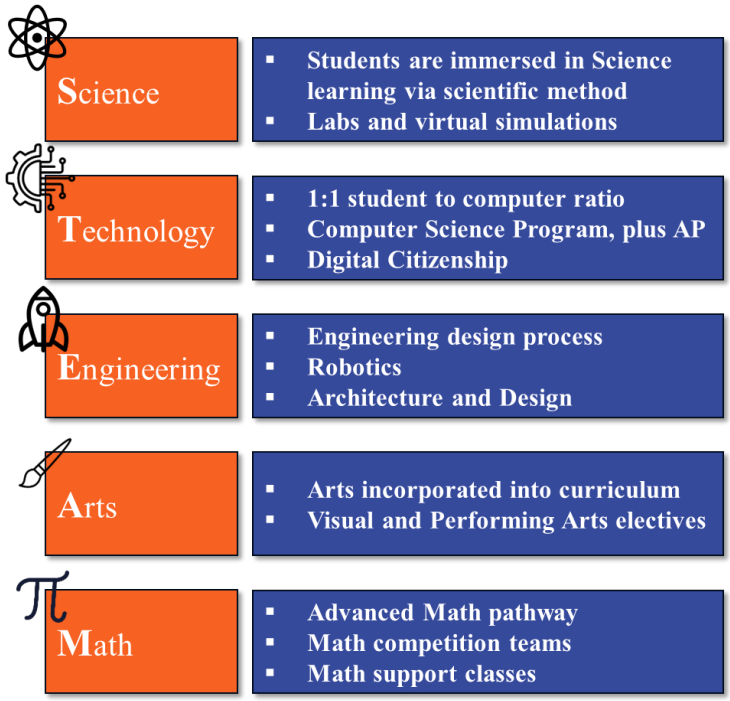
which a lifelong passion for learning can be created. The following chart sets forth key elements contained within each of the three core values.

Academic Excellence (Scientific Thinkers)	***Innovation (Intrinsically Driven and Self-Motivated)***	***Connection (Socially Responsible Global Citizens)***
• STEAM Focus	• Data-driven Instruction to Ensure College Readiness	• Community Engagement Service and Volunteerism
• Learning Approaches (Experiential, Constructivist Social Learning, Inquiry and Project-Based Learning)	• Periodic Benchmark Tests	• World Languages
• Effectively Integrating Technology into Teaching and Learning	• After-school Tutoring	• International Visits, Trips, Speakers
• Public Display of Excellence	• College Mentorship Program	• Home Visits
• Life-long Learning	• College Tracking Program	• Student Agency and Empowerment
	• Portfolio Module with Learning Targets	• Business and Industry Partnerships
	• AP Courses/Honors	• Higher Education Collaboration
	• Dual College Enrollment	• Internships/Externships
	• Art	

Source: The Lessee.

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STEAM Focus. MERF provides a college preparatory curriculum with a STEAM emphasis. Science courses use the scientific method and encourage students to use the applicable technology to plan and organize projects, hypothesize, analyze data, and draw conclusions from experiments, which they choose and create based on their interests. Science classes employ technology in laboratory explorations and experimentation. In addition, computer simulations are used to expand the number of lab opportunities in all grade levels. A computer science program supports technology skills development, including programming and sequencing. All courses and at all grades incorporate engineering design processes as part of the emphasis on the Next Generation Science Standards, which are standards promulgated by a consortium of states, the National Research Council, the National Science Teachers Association, the American Association for the Advancement of Science, among others. Arts instruction focuses on the development of students' creativity, imagination, discipline, and self-expression through drawing and fine arts, music, drama and improvisation, and dance. Each Magnolia School assesses its students to determine their current knowledge and skill level in mathematics and placement in the most appropriate class.



Source: The Lessee.

Effectively Integrating Technology into Teaching and Learning. Each Magnolia School features a technology program (the "Technology Program") with highly trained faculty leading instruction. The Technology Program enables students to personalize learning practices and integrate all subjects in project-based learning in a fun and meaningful way. In addition, the Technology Program includes, among other things, technology courses and curriculum and core class integration projects. MERF believes that the technology courses provide technology tools and help students develop critical skills necessary to gain acceptance to and graduate from a four-year college or university with a STEAM-related major. In addition, the core class integration projects require higher-order learning and help students improve their critical thinking skills.

STEAM-Related Competitions. Students and faculty organize and participate in numerous STEAM competitions. In addition, competition days are targeted events which generate student interest and allow students to further celebrate the success of their peers. Each Magnolia School offers a variety of after-school clubs to students to stimulate interest in and extend knowledge of various subjects covered in the classroom. The clubs available to students include, among others, Computer Applications, MathCounts, Robotics, and Science Olympiad clubs. After-school programs and activities are often facilitated by parents and guardians.

Life-Long Learning. Based on Delors's (1996) four 'pillars' of education for the future, MERF believes lifelong learning may be broadly defined as: learning that is flexible, diverse, and available at different times and in different places. Further, MERF believes that lifelong learning crosses sectors, promoting learning beyond traditional schooling and throughout adult life (i.e., post-compulsory education). MERF seeks to develop diverse learning habits in its students:

(1) **Learning to know** – mastering learning tools rather than acquisition of structured knowledge;

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(2) Learning to do – equipping people for the types of work needed now and in the future including innovation and adaptation of learning to future work environments;

(3) Learning to live together, and with others – peacefully resolving conflict, discovering other people and their cultures, fostering community capability, individual competence and capacity, economic resilience, and social inclusion; and

(4) Learning to be – education contributing to a person's complete development: mind and body, intelligence, sensitivity, aesthetic appreciation, and spirituality.

Data-Driven Instruction. Teachers and students at each Magnolia School use data to make informed decisions. Teachers receive regular professional development and coaching about positive academic intervention, teaching strategies for all learners, and differentiated instruction. Academic, informal, and formal information is taken from the following areas: diagnostic data from the Measures of Academic Progress ("MAP"), Smarter Balanced Assessment Consortium ("SBAC") interim formative and summative data, student survey, and grade point averages. In addition, digital, mastery-based core academic content permits data-driven intervention by local teachers, coaches, and English learner and remediation specialists.

MERF uses online curriculum and real time assessments to permit continuous and individualized pacing as well as flexibility in the number of courses students are offered. MERF's system generates reports that show profiles of the content and the skills that students are learning and tracks their progress. MERF combines its data system with diagnostic MAP assessments to provide data necessary to build personalized, realistic, and productive learning plans on a weekly basis for every Magnolia School student. MERF believes that current data and information are essential to the academic and social foundation of each Magnolia School and that personalized learning plans benefit low-performing students.

Periodic Benchmark Tests. Magnolia Schools uses computer-adapted tests produced by the Northwest Evaluation Association, which are known as the MAP assessments, to evaluate student learning and to differentiate instruction to meet student needs. These campus-wide tests are used to measure individual levels of student performance reflected in the Common Core (defined herein). The MAP assessments measure various skills, such as analytic ability, critical thinking, and synthesis. MERF does not use the MAP assessments as a basis for student promotion. However, MERF uses MAP assessments as a resource to identify students in need of remediation, intervention, and acceleration.

MERF administers the MAP assessments in the fall and spring of every academic year in reading, language usage, mathematics, and science. The MAP assessments provide feedback with respect to student performance based on a norm reference group of more than two million students. The MAP assessments are designed to adapt to the student's ability and measure what a student knows and needs to learn. The MAP assessment is also designed to measure academic growth over time, independent of grade level or age. In addition, MERF uses the results of MAP assessments to identify the skills and concepts that individual students have learned, diagnose instructional needs, monitor academic growth over time, make data-driven decisions, and place new students into appropriate courses.

After-school Tutoring. Each Magnolia School offers free after-school and Saturday tutoring (the "After-school Tutoring Program") to all students. The After-school Tutoring Program provides students with a small-group environment in which they can receive personalized attention from their teachers and access to resources to complete assignments. Each Magnolia School offers individual and small group tutoring and homework clubs.

To the extent a student has been identified as low-achieving, the Magnolia Schools offer intensive, obligatory after-school programs tailored towards such student's needs. MERF believes this strategy provides an opportunity for such students to master the relevant subject's content standards. In addition, MERF uses

quantitative measurements to track the progress of low-achieving students through the use of the MAP assessments and accelerated reader and accelerated math tests.

The following chart sets forth the resources available to students through the After-school Tutoring Program.

Students in need of English Language Development support	***Students in need of core class support***	***All students***
English Language Development tutoring	Tutoring program for core classes	After-school clubs
Computer-aided grammar, vocabulary, reading, writing, listening and speaking	Mathematics, Science, English-Language Arts and History-Social Science	Advanced Math, Science Olympiad/Cool Science, Computer, FIRST Lego League, Robotics, Yearbook, World Languages, Sports, Student Council, Arts and Crafts, Homework, etc.

Source: The Lessee.

Students that demonstrate adequate improvement can advance to a satisfactory level where they are provided moderate tutoring sessions and various fun opportunities, such as recreational clubs and community trips. In the event an under-achieving student does not positively respond to this teaching method, the homeroom teachers may decide to include such a student in different recreational activities to promote the student's interest in learning.

College Pathways Program. MERF has established a college preparatory program (the "College Pathways Program") to provide students with the emotional and instrumental support to graduate from college and prepare for a career. By providing timely information and guiding students through the college application process, college advisors play an integral role in nurturing college aspirations, supporting college preparation activities, finding best-fit colleges, universities and career programs, and advising students seeking to make a successful transitions from high school to their colleges of choice.

The College Pathways Program includes active participation by students to develop and design future academic plans. MERF's advisors work individually with parents and students on a four-year plan that outlines graduation requirements, tracks extracurricular activities and volunteer activities, and builds resumes. MERF offers special programming to students who want to develop interests and build the skills necessary for credentialing and certification for specific trades.

The College Pathways Program includes regular visits from college recruiters, student visits to college campuses, admission requirements research, and exploration of financial aid and scholarship options. College advisors and their teams track completion of the University of California/California State University A-G requirements, credits completed towards graduation, scholarship eligibility, scholarship applications, personal statements, and progress towards college application submission.

MERF monitors the progress of its graduates to understand the transfer, persistence, and completion trends of former students after they have enrolled in four-year universities, two-year colleges, trade/technical schools, and the military. MERF's alumni network includes, among others, former students who have returned as tutors, mentors, and contributors to the Magnolia Schools.

Community Service and Outreach. Students are expected to be continuously and actively involved in various community outreach endeavors. Magnolia School students engage in community service to develop and

demonstrate life skills. MERF's model incorporates "real life" projects that are aligned with the curriculum and provide students with opportunities to work within their home community. In addition, students are expected to gain "real life" experience and develop responsibility, caring, and respect for others. Students are required to earn forty hours (or the equivalent of ten hours per each year of enrollment) of community service for an advanced or honors diploma. Students may begin to earn these hours once they complete their eighth grade year.

Life Skills Program. Life Skills is an enrichment program that provides students with skills to support academic excellence and social skill development, and includes topics on social and emotional learning, study skills, environmental issues, conflict resolution, making responsible choices, self-discipline, college and career awareness, and character education. Students participate in activities and projects to demonstrate their understanding of the values/lessons. Guest speakers and various forms of technology also engage students in the course content. Life Skills themes are integrated into broader school-wide activities such as assemblies, field trips, displays, announcements, and into the general curriculum. Schools regularly inform parents of students regarding the Life Skills topics to support the Magnolia Schools' efforts to inspire positive principles of conduct in future leaders. The Life Skills program is designed to enable all students, including "at-risk" students, to have a vision and to develop specific goals to be successful at school and during their life.

Field Trips and Guest Speakers. Students have the ability to attend field trips, which are intended to allow students to gain insight, information, or knowledge that cannot be adequately developed through regular classroom instruction. Field trips are an integral part of the curriculum and, since not all children learn in the same way, field trips allow students the opportunity to expand their intelligence in ways different from those typically available inside the classroom.

In order to motivate students, students receive the opportunity to visit a research laboratory (e.g., Jet Propulsion Lab), a university campus (e.g., UCLA, USC, Caltech, UC Irvine, and California State University, Long Beach), and meet with scientists during these field trips or through guest speakers on campus. MERF believes that, when some of the guest speakers or people that students meet during the field trips share the same culture with students, students may find new role models. While most field trips are directly related to specific academic curricula, field trips also may address the need for intrapersonal and interpersonal growth in children. Accordingly, MERF believes that field trips may be designed to promote social and emotional development and to provide for the development of the "whole" child. Recent speakers have included: Michele Judd, Managing Director of the Keck Institute for Space Studies, a joint institute of the Jet Propulsion Laboratory and Caltech; and Dr. Christine Mann, renowned NASA aerospace engineer and mathematician immortalized in the film Hidden Figures.

Home Visits. Based on research that indicates that personal connections with students inside and outside of school is one key to successful teaching and schooling, teachers at each Magnolia School are encouraged to know students' outside interests, families, and home routines. MERF advises teachers to use this information to connect in meaningful, individualized ways. MERF believes that family visits offer invaluable insights about students and can provide a new understanding about a student's learning styles. In addition, MERF understands that visits may also reveal the emotional and social needs and behaviors of students. It is helpful to know if they react to problems with tears, anger, or withdrawal, and how they socialize with peers. In addition, each Magnolia School uses home visits as an important feature of its education program to improve student and school performance and to identify and intervene early with low-achieving students.

Partnership with the Mount Wilson Observatory Institute and the Carnegie Institute for Science. Beginning in the 2015-16 school year, MERF became the first K-12 educational organization to have access to the Mount Wilson Observatory Institute. MERF has piloted the first field trips for students in grades five through twelve at the Mount Wilson Observatory in Los Angeles County, California. Located on Mount Wilson, a 5,710-foot peak in the San Gabriel Mountains, the Mount Wilson Observatory contains several historically important telescopes, the Hooker telescope, the Hale telescope, the Snow solar telescope, and the CHARA array, which was the largest optical interferometer in the world at its completion. These are the telescopes with which scientists made a significant number of the major astrophysics discoveries of the 20th century.

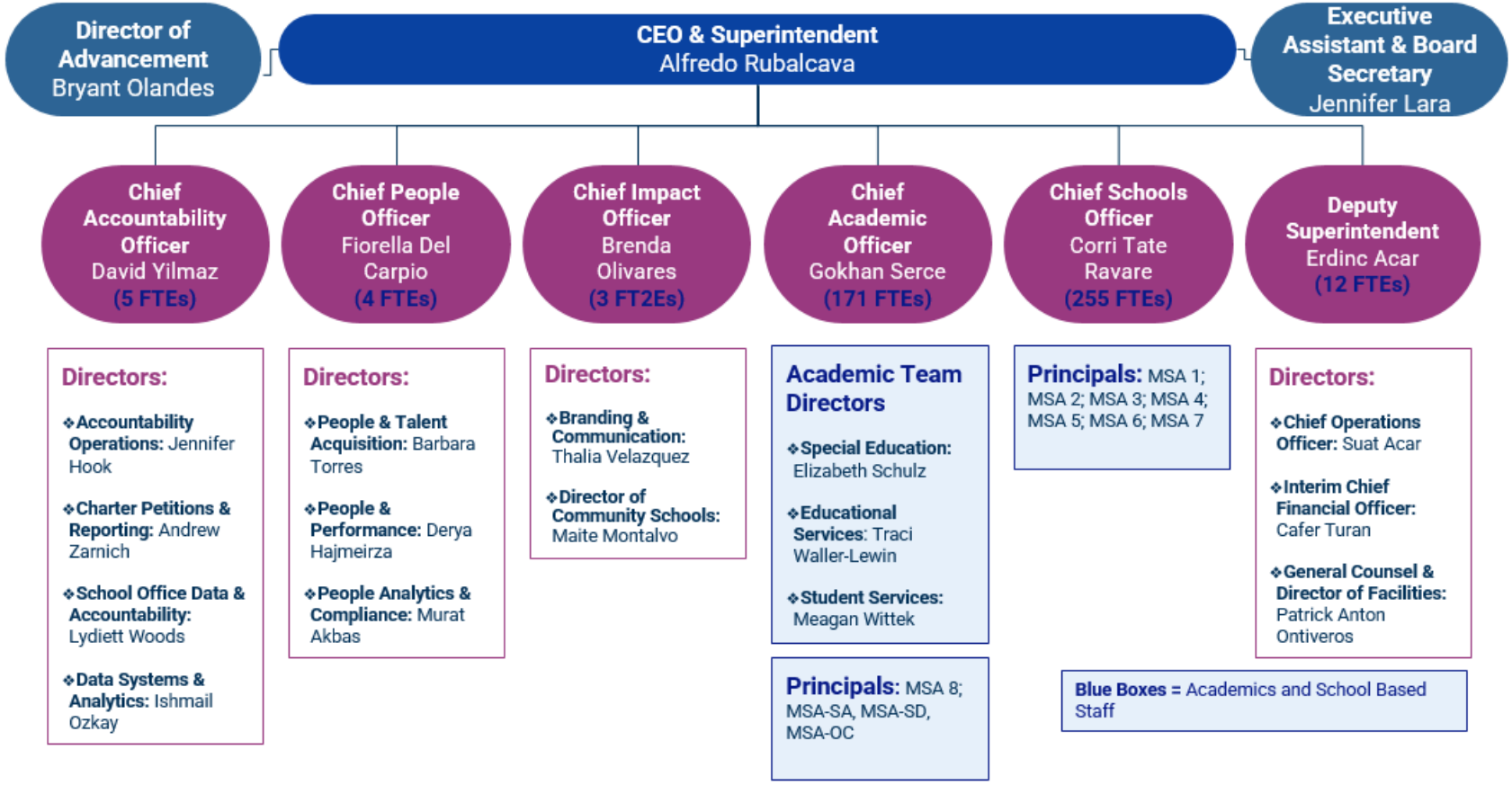
CalTech/Carnegie Astronomers engage MERF's students in the actual experiments and scientific discoveries made using the Mount Wilson equipment. In addition, MERF science teachers have helped to develop piloted lessons, which are aligned with the Next Generation Science Standards, such as "The Scale of Space" and "Spectroscopy: Science through Rainbows." Students participate in developing technologies and learn the ways in which science and innovation have changed the world. In addition, students have the opportunity to confer with the scientists from around the world who source research data using equipment at the Mount Wilson Observatory and are currently engaged in more cutting edge science of telescopes from Hawaii to Chile.

Organizational Structure and Leadership Team

The Lessee is led by a Chief Executive Officer & Superintendent with the assistance of a Deputy Superintendent, Chief Financial Officer, Chief Academic Officer, Chief Accountability Officer and Chief Operations Officer. The Lessee employs a team to operate the systems and supports necessary for the Lessee to operate successfully.

The Lessee currently employs approximately 464 personnel, including staff and faculty. Approximately 46 employees of the Lessee serve in an administrative or support function to Magnolia Schools.

The organization chart on the following page shows the Lessee's executive leadership and leadership at Magnolia Schools within the Lessee organization. The Board of Directors, governs the Lessee as a whole. See "– the Lessee Board of Directors" below. Below the Board is the Chief Executive Officer, who is the chief executive of the entire the Lessee organization.



Source: The Lessee.

Executive Team. The Lessee's Chief Executive Officer & Superintendent, Alfredo Rubalcava, leads the executive team of the Lessee and manages the day-to-day operations of the Lessee with the assistance of the executive team.

Alfredo Rubalcava, Chief Executive Officer & Superintendent. Mr. Rubalcava is the Chief Executive Officer and Superintendent of the Lessee and has held the role since 2018. Mr. Rubalcava brings a well-rounded perspective to the position having previously served as a Magnolia Schools Teacher, Athletic Director, Dean of Students, Principal, and Chief External Officer. Mr. Rubalcava was one of the founding teachers of Magnolia Science Academy 1 in 2002. Mr. Rubalcava holds a BS in Kinesiology from California State University, Northridge.

Erdinc Acar, Deputy Superintendent. Mr. Acar is an educator and administrator with more than twenty years of leadership in developing and implementing leading-edge programs and services that align with the mission and vision of educational institutions. He has an outstanding record of improving processes by adapting and applying aspects of STEAM Education in school systems, through comprehensive research, strategic evaluation and effective presentations of best practices in curricula, programs, tools, and technologies. He has pioneered establishment of state-of-the-art online learning programs and professional development portals for academic advancement, combined with directing formative assessment and performance-based programs. He has served in top school level administrative positions in Nevada and California for over a decade. He holds the following degrees: Master of Education, Educational Leadership, University of Nevada, Reno; Master of Education, Science Education, Rutgers University, New Brunswick; and Bachelor of Science, Teaching Physics.

Cafer Turan, Interim Chief Financial Officer. Mr. Turan serves as Interim Chief Financial Officer of the Lessee. Mr. Turan began working with the Lessee in 2011 and has held several key roles within the organization, including Senior Controller, Financial Analyst, and Accountant. Mr. Turan holds a Master's degree in Accounting from Colorado State University. Mr. Turan has also earned certifications in government finance from Rutgers University and in payroll practice from California State University, East Bay.

Gokhan Serce, Chief Academic Officer. Mr. Gokhan Serce currently serves as Chief Academic Officer of the Lessee. Prior to his current role, Mr. Serce served as the San Diego Regional Director, Principal of MSA-SD and as an Assistant Principal and Interim Principal at MSA-7 for 3 years. In addition, Mr. Serce was the Outreach Coordinator for MSA-SD for a year and was then promoted to Principal. Mr. Serce received his Bachelor's degree in Mathematics Education at Middle East Technical University and has a Multiple Subject Credential.

David Yilmaz, Chief Accountability Officer. Mr. Yilmaz serves as the Chief Accountability Officer of the Lessee. In his role, Mr. Yilmaz ensures the Lessee develops high-quality accountability plans, implements the programs described in the charter petitions and complies with all applicable law and regulations. Mr. Yilmaz has over 15 years of teaching and administrative experience at the Lessee. Mr. Yilmaz earned his M.S. in engineering from UC, Irvine, and M.A. in school leadership from CSU, Dominguez Hills.

Suat Acar, Chief Operations Officer. Mr. Acar started his educational career as a math teacher and taught all types of math for 11 years. Subsequently, Mr. Acar became a school administrator in Arizona. He served as a principal for various traditional public schools and charter schools, including Principal at a Magnolia School and Principal at the Sonora Schools in the Phoenix, Arizona area. Mr. Acar has a Bachelor of Arts in Economics from Bosphorus University in Instanbul, Turkey and a Master's Degree in Education, Educational Leadership with a principal credential from Arizona State University.

Dr. Brenda D. Olivares, Chief External Officer. Dr. Brenda D. Olivares is an education champion with over 18 plus years of experience working with students, families, and school leaders. Dr. Olivares believes in creating sustainable systems and structures that promote a culture of respect, trust, and accountability among families and schools. Dr. Olivares has successfully served the roles of teacher, after-school coordinator, Dean of Academics, Dean of Students, and Dean of Culture at the secondary level. She joined the Magnolia Central

Office team in 2018 as the Director of Student Services and currently serves as the Chief External Officer (CXO). She earned her doctorate in Educational Leadership with a concentration in Educational Psychology from the University of Southern California and holds a Master's degree in Teaching of Social Studies from Teachers College, Columbia University, and her Bachelor's degree in history with a secondary teaching credential from Mount Saint Mary's University. Most recently, she completed a Family Engagement in Education: Creating Effective Home and School Partnerships Summer Program with the Harvard Graduate School of Education.

Fiorella Del Carpio, Chief People Officer. Fiorella Del Carpio leads Magnolia Schools' vision and strategy for people, talent, culture, and equity, centering students, families, and communities in her work. Under her leadership, Magnolia is transitioning from a traditional Human Resources model to a comprehensive Total People Strategy. Fiorella brings a decade of leadership experience, with eight years focused on Human Capital. Most recently, she served as Managing Director of Human Capital at the California Charter Schools Association, where she oversaw HR policies, programs, and procedures, while spearheading initiatives related to company culture, talent, diversity, equity, and inclusion. Her dedication to social justice began during her time as a community liaison at Crystal Stairs, advocating for early education. Originally from Peru, Fiorella has lived in Los Angeles County since immigrating to the United States. She is a first-generation college graduate, holding a Bachelor of Science in Business Administration with a Minor in Economics from California State University, Los Angeles. Fiorella also completed Cornell Certificate Program: Diversity, Equity, and Inclusion for HR - 2021

Patrick Anton C. Ontiveros, Esq., General Counsel & Director of Facilities. Patrick Ontiveros has spent over a decade in a dual role as in-house legal counsel and project director for real estate acquisitions and development, successfully managing project scope, process resources, and professional teams through the entire development cycle, from acquisition or ground leasing to opening/ribbon-cutting. A successful track record of ensuring cohesion between multiple parties to guarantee on-time, on-budget project delivery, executing an effective balance of diplomacy and determination in leading diverse teams of architects, engineers, contractors, attorneys, environmental consultants, municipalities and project managers. Patrick has extensive experience in counselling both for-profit and non-profit clients on a variety of corporate and securities matters. Patrick holds a B.A. from Yale University and a J.D. from Columbia University.

Corri Tate Ravare, Chief Schools Officer. Corri Tate Ravare is a dedicated education leader and Chief Schools Officer at Magnolia Schools, with a career spanning charter school leadership, advocacy, and policy. She previously served as Executive Director and Chief Talent Officer at College Achieve Public Schools and as COO at Extera Public Schools. Corri has led statewide charter school advocacy efforts, served as President of ICEF Public Schools, and worked on school reform at LAUSD. Appointed to the California Advisory Commission on Charter Schools in 2009, she continues to shape education policy and serves on the board of CharterFolk. A UC Berkeley honors graduate and John Gardner Public Service Fellow, she is also an alumna of the Pahara Aspen Education Fellowship.

The Lessee Board of Directors

Board of Directors. The Lessee is governed by a Board of Directors (the "Board") comprising a minimum of three directors and a maximum of eleven directors. Directors serve five-year terms and until a successor has been designated and qualified.

The roster of current Board members, along with each member's current position on the Board, the start and end of their term, is set forth below. Brief biographies of the members of the Board follow.

TABLE 8
BOARD OF DIRECTORS
The Lessee

Name	*Title*	*Occupation*	*Current Term Beginning*	*Current Term Expires*	*Year Joined*
Mekan Muhammedov	Chair	Real Estate Investor & Entrepreneur	2025	2030	2020
Sandra Covarrubias	Vice-Chair	Retired Nurse & Parent of Alumni	2022	2027	2017
Umit Yapanel, Ph.D.	Member	Educational Technology Entrepreneur	2022	2027	2012
Salih Dikbas, Ph.D.	Member	Engineer	2024	2029	2016
Diane Gonzalez	Member	Retired Community Outreach Specialist, FBI	2024	2029	2014
Serdar Orazov	Member		2026	2031	2015
Ilemi Cordoba	Student Member	Senior at MSA-2	2026	2027	2024

Source: The Lessee.

Mekan Muhammedov, Chair. Mr. Muhammedov is a real estate investor and entrepreneur with a passion for optimizing business operations. Prior to joining the Board, Mr. Muhammedov served as executive director of GG Construction in Dubai. He has a long history with Magnolia, having been employed by the organization between 2005 and 2014.

Sandra Covarrubias, Vice-Chair. Ms. Covarrubias is a retired nurse who joined the Board in 2017. Ms. Covarrubias has eight years of professional experience as a Vocational Nurse at NorthEast Valley Health Corporation, Amity Home Health Majesty Hospice and All Saints HealthCare as a pediatric nurse. She became one of the first active parent volunteers for Magnolia Science Academy-2 & 7 and went on to become President of the Parent Task Force (PTF) for Magnolia Science Academy-2. Under her responsibilities she organized special events, coordinated parent volunteers in classrooms/school activities, aided in fundraising efforts through events and programs, and was involved in actively supporting community outreach and networking and building reliable communication networks among parents and teachers. Ms. Covarrubias graduated from Casa Loma College for Licensed Vocational Nursing.

Ümit Yapanel, Ph.D., Member. Dr. Ümit Yapanel has over two decades of experience in education. Dr. Yapanel served as the Board President from October 2012 to June 2018, where he successfully navigated the organization through significant growth and external challenges. Dr. Yapanel founded Lotus School for Excellence (LSE) and was pivotal in transforming LSE into a leading STEAM school in Colorado. Currently, Dr. Yapanel leads two major EdTech projects: atom.live, a multilingual & interactive online book platform designed to break down language barriers for children globally and Elegant AI Academy that equips students in grades 4-12 with AI skills essential for the future AI-driven world. His past roles include innovating in children's speech development at www.lena.org, leading the development of audio and speech processing algorithms at TDK, Inc., and serving as a key figure in speech recognition and enhancement at Audience Inc. Additionally, Dr. Yapanel worked at McDonald's Corp. - Tech Labs (2019-2021), as Senior Manager of the Conversational AI Group and at DeGirum, Corp. Dr. Yapanel has also served as an adjunct faculty member at the University of Colorado at Boulder, teaching Digital Signal Processing. Dr. Yapanel holds a BSc and MS in Electrical and Computer Engineering, and a PhD in Artificial Intelligence from the University of Colorado at Boulder.

Salih Dikbas, Ph.D., Member. Dr. Dikbas currently works at Qualcomm Inc., as a Staff Engineer. Dr. Dikbas joined Qualcomm Inc. in 2013. Prior to Qualcomm Inc., Dr. Dikbas was a System Engineer for Texas Instruments Inc. and helped develop a frame noise algorithm, and co-authored the proposal of TI for the next-generation video standards. Dr. Dikbas received his degree from Middle East Technical University, an M.S. from Clemson University, and a Ph.D. from Georgia Institute of Technology.

Diane Gonzalez, Member. Ms. Gonzalez has been serving on the Board of Directors since 2014. Ms. Gonzalez retired from the Federal Bureau of Investigation after 57 years of service. In addition she has worked as a Community Outreach Specialist where she worked with schools, businesses, state and local agencies, faith

based communities and organizations throughout Southern California. Ms. Gonzalez is involved with the Salvation Army Westwood Transitional Village as part of their Advisory Council and as part of her professional life in public service, she has helped form the Drug Enforcement Administration (DEA) Citizen's Academy and served two terms on their Board as the Secretary and Treasurer. She also served as a mentor with Pennylane which is a group home for at-risk girls, a mediator with Centinela Valley Juvenile Diversion Program and is also a member with the Los Angeles InfarGard Alliance and a member of Alcohol, Tobacco, Firearms and Explosives (ATF) Citizen's Academy. Ms. Gonzalez also created a reading program at the Bessie Pregerson Child Development Center, created and implemented a Community Relations Executive Seminar Training Program (CREST); and, created a Multi-Cultural Advisory Committee.

Serdar Orazov, Member. Mr. Orazov is a finance and operations executive with extensive experience in nonprofit governance, strategic planning, and financial sustainability. He currently serves as Chief Financial Officer at La Scuola International School. Mr. Orazov has a long-standing history with Magnolia Public Schools, having previously served as a staff member, the former Chief Financial Officer, and a member of the Board from 2015-2020. He holds an MBA in Finance and Accounting from Moscow Aviation Institute (State Technical University) and a Bachelor of Science in Engineering from International University in Ashgabat, Turkmenistan.

Ilemi Cordoba, Student Member. Ilemi Cordoba is a senior at MSA-2 and a member of the Student Council in addition to serving as the Student Member of the Board.

MAGNOLIA SCHOOLS

Accreditation

Magnolia Schools have been accredited by the Western Association of Schools and Colleges ("WASC"). Courses offered by Magnolia Schools that are WASC accredited may be considered to be transferable to other public high schools. Courses approved by the University of California or California State University as satisfying their prerequisites for admission may be considered as meeting college entrance requirements. While accreditation by WASC provides certain advantages for a high school and its graduating students, many California elementary schools do not seek accreditation.

School Leadership

The daily operations of each Magnolia School are managed by a Principal. All Magnolia Schools have at least one Assistant Principal or Dean as part of the school leadership team. Larger schools have additional Assistant Principals or Deans based on size and need.

Admissions, Enrollment, Attendance, Demographics and Student Retention

Student Admissions. Magnolia Schools shall admit all students who wish to attend as outlined in the California Education Code. No test or assessment is administered to students prior to acceptance and enrollment into the Magnolia Schools and they have no specific admissions requirements. Magnolia Schools shall not discriminate against any student on the basis of race, disability, gender, or immigration status. Magnolia Schools adheres to all state and federal laws establishing the minimum and maximum age of students for public school attendance in public schools.

Intent to Enroll. In order for students to be enrolled at one of the Magnolia Schools, they must submit a pre-enrollment application online or drop off a printed application to the school office. Families who turn in pre-enrollment forms by a certain date each year will be notified if they are included in the random enrollment lottery. Applications shall be counted to determine whether any grade level has received more forms than availability. If there are less application forms than availability for any grade levels, a lottery for that grade level is not necessary. Should the amount of pupils that wish to attend exceed the capacity of the applicable Magnolia

School during the enrollment period, a public random lottery will take place to determine the enrollment in accordance with the California Education Code.

Lottery Procedures and Preferences. Following the open enrollment period each year, and after accounting for existing students who are guaranteed enrollment in the following school year, applications are counted to determine whether the applicable Magnolia School has received more applications than availability. If the number of students applying for enrollment exceeds the applicable Magnolia School's capacity, admission shall be determined by random public drawing (lottery) in accordance with the California Education Code. Families will be notified of lottery results via U.S. Mail and e-mail, if available, informing families whether or not their student was accepted or placed on waitlist. This letter will be sent home within 14 days of the date of the lottery.

Each Magnolia School may grant priority in admissions as set forth in the charter for each school and in accordance with law.

Waitlist. All names drawn after reaching capacity will be placed on a waitlist, in order in which they are drawn, except that homeless and foster care pupils will be moved to the top of the waiting list to provide priority placement. This waitlist will allow students the option of enrolling in the case of an opening during the current school year. The wait list from a prior year does not roll over to the next year. As of November 18, 2025, 78 students were on the Magnolia Schools waitlist.

Enrollment. The table below shows historical and current enrollment for each of the Magnolia Schools in the years 2020-21 through 2026-27, as well as projected enrollment by each of the Magnolia Schools through the 2031-32 school year.

TABLE 9
ENROLLMENT BY SCHOOL[(1)]
2021-22 through 2031-32
The Lessee

	Historical and Current Enrollment						*Projected Enrollment*				
School	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***	***2031-32***
MSA-1	742	694	714	746	677	708	708	708	708	708	708
MSA-2	504	511	532	514	448	427	427	427	427	427	427
MSA-3	417	379	389	411	395	398	338	350	351	351	351
MSA-4	109	102	124	132	123	123	120	133	137	132	135
MSA-5	247	238	218	218	194	207	449	453	453	453	453
MSA-6	83	91	111	128	157	154	136	154	159	159	159
MSA-7	280	263	280	272	276	270	293	294	294	294	294
MSA-8	392	384	404	385	395	400	370	410	435	435	435
MSA-SD	421	422	439	464	481	481	484	490	490	490	490
MSA-SA	513	502	504	524	586	586	626	632	637	637	637
MSA-OC	--	--	--	--	79	330	140	186	201	225	228
Total	***3,708***	***3,586***	***3,715***	***3,794***	***3,811***	***4,091***	***4,091***	***4,237***	***4,292***	***4,311***	***4,317***

(1) For school years 2021-22 through 2025-26, data reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year. Enrollment may vary throughout the Magnolia Schools year as students enroll at or leave.

Source: The Lessee.

The table below shows historical and current grade level enrollment for the Magnolia Schools for years 2021-22 through 2026-27, as well as projected enrollment by grade level through the 2031-32 school year.

TABLE 10
ENROLLMENT BY GRADE[(1)]
2021-22 through 2031-32

Magnolia Schools

Magnolia Schools Total

	Historical and Current Enrollment						*Projected Enrollment*				
Grade Level	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***	***2031-32***
Transitional Kindergarten	--	--	17	33	64	82	83	95	94	81	80
Kindergarten	53	89	73	44	76	111	112	113	125	124	103
1st Grade	78	51	78	87	66	91	111	110	109	122	121
2nd Grade	93	75	48	72	101	76	90	110	108	108	119
3rd Grade	90	86	79	54	91	113	74	87	108	107	106
4th Grade	77	92	92	83	70	103	110	73	86	106	105
5th Grade	93	75	100	96	98	84	101	108	70	84	106
6th Grade	583	575	648	685	621	691	679	701	695	729	797
7th Grade	680	680	675	755	768	693	694	696	701	696	732
8th Grade	725	688	708	680	744	822	693	675	675	685	679
9th Grade	388	303	342	330	295	400	492	374	363	345	364
10th Grade	296	342	293	291	304	284	382	468	358	348	333
11th Grade	291	266	319	284	251	288	273	364	450	346	335
12th Grade	261	264	243	300	262	253	276	263	350	430	337
Totals	***3,708***	***3,586***	***3,715***	***3,794***	***3,811***	***4,091***	***4,170***	***4,237***	***4,292***	***4,311***	***4,317***

MSA-1

	Historical and Current Enrollment						*Projected Enrollment*				
Grade Level	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***	***2031-32***
6th Grade	115	105	111	132	102	87	102	105	106	115	117
7th Grade	133	113	123	119	118	109	85	100	103	103	115
8th Grade	116	126	117	135	117	130	106	83	97	100	103
9th Grade	133	82	104	96	98	108	127	104	81	95	100
10th Grade	86	113	80	92	94	95	105	123	101	79	95
11th Grade	83	78	104	76	82	92	93	103	120	99	79
12th Grade	76	77	75	96	66	87	90	90	100	117	99
Totals	***742***	***694***	***714***	***746***	***677***	***708***	***708***	***708***	***708***	***708***	***708***

(1) For school years 2020-21 through 2025-26, data reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year. Enrollment may vary throughout the Magnolia Schools year as students enroll at or leave.

Source: The Lessee.

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TABLE 10 (continued)
ENROLLMENT BY GRADE[1]
2021-22 through 2031-32

Magnolia Schools

MSA-2

	Historical and Current Enrollment						*Projected Enrollment*				
Grade Level	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***	***2031-32***
6th Grade	88	105	101	104	64	75	55	54	54	73	106
7th Grade	108	94	105	106	103	69	71	53	51	51	70
8th Grade	92	103	101	98	105	109	66	68	50	49	49
9th Grade	69	51	73	48	45	64	104	62	64	48	46
10th Grade	58	62	49	55	42	38	61	98	59	61	45
11th Grade	48	49	59	45	47	36	36	58	94	56	58
12th Grade	41	47	44	58	42	36	34	34	55	89	53
Totals	***504***	***511***	***532***	***514***	***448***	***427***	***427***	***427***	***427***	***427***	***427***

MSA-3

	Historical and Current Enrollment						*Projected Enrollment*				
Grade Level	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***	***2031-32***
6th Grade	61	34	49	58	52	36	46	46	46	46	61
7th Grade	42	74	40	68	72	50	35	45	45	45	45
8th Grade	69	49	80	54	67	65	49	34	44	44	44
9th Grade	81	58	58	67	53	50	75	59	41	51	59
10th Grade	58	62	56	45	59	48	49	73	57	40	49
11th Grade	57	54	58	57	39	50	47	47	71	56	39
12th Grade	49	48	48	62	53	39	48	46	47	69	54
Totals	***417***	***379***	***389***	***411***	***395***	***338***	***349***	***350***	***351***	***351***	***351***

MSA-4

	Historical and Current Enrollment						*Projected Enrollment*				
Grade Level	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***	***2031-32***
6th Grade	0	0	13	7	8	5	5	10	10	10	10
7th Grade	0	0	11	18	10	9	10	10	10	10	10
8th Grade	0	0	1	9	15	8	15	10	10	10	10
9th Grade	35	23	21	21	29	37	28	20	25	30	30
10th Grade	22	35	30	21	16	22	36	27	20	25	30
11th Grade	26	20	33	27	17	17	21	35	27	20	25
12th Grade	26	24	15	29	28	22	17	21	35	27	20
Totals	***109***	***102***	***124***	***132***	***123***	***120***	***132***	***133***	***137***	***132***	***135***

(1) For school years 2020-21 through 2025-26, data reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year. Enrollment may vary throughout the Magnolia Schools year as students enroll at or leave.

Source: The Lessee.

Powered by BoardOnTrack

TABLE 10 (continued)
ENROLLMENT BY GRADE[1]
2021-22 through 2031-32

Magnolia Schools

MSA-5

	Historical and Current Enrollment						*Projected Enrollment*				
Grade Level	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***	***2031-32***
6th Grade	30	28	34	38	21	99	71	73	58	89	88
7th Grade	48	35	28	32	40	55	89	63	65	52	80
8th Grade	50	51	39	26	27	100	50	80	57	59	47
9th Grade	23	31	38	45	24	90	90	55	85	67	69
10th Grade	28	28	27	31	39	35	81	81	49	77	60
11th Grade	41	28	27	27	20	46	31	73	73	44	69
12th Grade	27	37	25	19	23	24	41	28	66	65	40
Totals	***247***	***238***	***218***	***218***	***194***	***449***	***453***	***453***	***453***	***453***	***453***

MSA-6

	Historical and Current Enrollment						*Projected Enrollment*				
Grade Level	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***	***2031-32***
6th Grade	19	34	42	45	51	33	43	53	53	53	53
7th Grade	30	23	38	44	53	53	43	53	53	53	53
8th Grade	34	34	31	39	53	50	58	48	53	53	53
Totals	***83***	***91***	***111***	***128***	***157***	***136***	***144***	***154***	***159***	***159***	***159***

MSA-7

	Historical and Current Enrollment						*Projected Enrollment*				
Grade Level	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***	***2031-32***
Transitional Kindergarten	--	--	9	20	28	44	45	57	56	43	42
Kindergarten	27	53	40	25	35	40	44	45	57	56	43
1st Grade	50	28	45	48	32	38	38	42	42	54	53
2nd Grade	56	45	30	43	54	38	36	36	40	40	51
3rd Grade	51	47	50	30	46	51	36	34	34	38	38
4th Grade	43	47	50	55	30	49	48	34	33	32	36
5th Grade	53	43	56	51	51	33	47	46	32	31	31
Totals	***280***	***263***	***280***	***272***	***276***	***293***	***294***	***294***	***294***	***294***	***294***

(1) For school years 2020-21 through 2025-26, data reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year. Enrollment may vary throughout the Magnolia Schools year as students enroll at or leave.

Source: The Lessee.

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TABLE 10 (continued)
ENROLLMENT BY GRADE[1]
2021-22 through 2031-32

Magnolia Schools

MSA-8

	Historical and Current Enrollment						*Projected Enrollment*				
Grade Level	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***	***2031-32***
6th Grade	97	99	118	87	94	112	125	125	125	125	125
7th Grade	130	145	144	157	151	114	125	150	150	150	150
8th Grade	165	140	142	141	150	144	125	135	160	160	160
Totals	***392***	***384***	***404***	***385***	***395***	***370***	***375***	***410***	***435***	***435***	***435***

MSA-SD

	Historical and Current Enrollment						*Projected Enrollment*				
Grade Level	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***	***2031-32***
6th Grade	135	126	138	162	161	168	170	170	170	170	170
7th Grade	140	155	146	164	162	158	160	160	160	160	160
8th Grade	146	141	155	138	158	158	160	160	160	160	160
Totals	***421***	***422***	***439***	***464***	***481***	***484***	***490***	***490***	***490***	***490***	***490***

MSA-SA

	Historical and Current Enrollment						*Projected Enrollment*				
Grade Level	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***	***2031-32***
Transitional Kindergarten	--	--	8	13	20	20	20	20	20	20	20
Kindergarten	26	36	33	19	33	40	40	40	40	40	40
1st Grade	28	23	33	39	25	38	39	39	39	39	40
2nd Grade	37	30	18	29	38	28	37	38	38	38	39
3rd Grade	39	39	29	24	38	47	27	36	37	37	38
4th Grade	34	45	42	28	29	44	46	27	35	36	37
5th Grade	40	32	44	45	38	36	43	45	26	34	36
6th Grade	38	44	42	52	58	60	46	53	55	36	47
7th Grade	49	41	40	47	59	66	58	45	52	53	36
8th Grade	53	44	42	40	52	58	64	57	44	50	53
9th Grade	47	58	48	53	46	51	68	74	67	54	60
10th Grade	44	42	51	47	54	46	50	66	72	66	54
11th Grade	36	37	38	52	46	47	45	48	65	71	65
12th Grade	42	31	36	36	50	45	46	44	47	63	71
Totals	***513***	***502***	***504***	***524***	***586***	***626***	***629***	***632***	***637***	***637***	***636***

(1) For school years 2020-21 through 2025-26, data reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year. Enrollment may vary throughout the Magnolia Schools year as students enroll at or leave.

Source: The Lessee.

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TABLE 10 (continued)
ENROLLMENT BY GRADE[1]
2021-22 through 2031-32

Magnolia Schools

MSA-OC[2]

	Historical and Current Enrollment						*Projected Enrollment*				
Grade Level	***2021-22***	***2022-23***	***2023-24***	***2024-25***	***2025-26***	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***	***2031-32***
Transitional Kindergarten	--	--	--	--	16	18	18	18	18	18	18
Kindergarten	--	--	--	--	8	31	28	28	28	28	20
1st Grade	--	--	--	--	9	15	34	29	28	29	28
2nd Grade	--	--	--	--	9	10	17	36	30	30	29
3rd Grade	--	--	--	--	7	15	11	17	37	32	30
4th Grade	--	--	--	--	11	10	16	12	18	38	32
5th Grade	--	--	--	--	9	15	11	17	12	19	39
6th Grade	--	--	--	--	10	16	16	12	18	12	20
7th Grade	--	--	--	--	--	10	18	17	12	19	13
Totals	--	--	--	--	***79***	***140***	***169***	***186***	***201***	***225***	***229***

(1) For school years 2020-21 through 2025-26, data reflect certified enrollment as of the fall census day (the first Wednesday in October), which is reported to the California Longitudinal Pupil Achievement Data System ("CALPADS") in each school year. Enrollment may vary throughout the Magnolia Schools year as students enroll at or leave.

(2) MSA-OC opened for the 2025-26 school year at two separate locations, each serving grades TK-2 and grade 6. See "OPERATING AND FINANCIAL INFORMATION – Future Projects" herein.

Source: The Lessee.

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Average Daily Attendance. The table below shows each Magnolia Schools' average daily attendance ("ADA") from the 2021-22 school year through the 2025-26 school year. See "STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Local Control Funding Formula" in the forepart of this Limited Offering Memorandum.

TABLE 11
AVERAGE DAILY ATTENDANCE
2021-22 through 2025-26
The Lessee

	MSA-1	***MSA-2***	***MSA-3***
	ADA[(1)]	***ADA[(1)]***	***ADA[(1)]***
2021-22	712	486	393
2022-23	649	473	340
2023-24	663	495	354
2024-25	685	479	374
2025-26	638	424	355

	MSA-4	***MSA-5***	***MSA-6***
	ADA[(1)]	***ADA[(1)]***	***ADA[(1)]***
2021-22	122	275	151
2022-23	101	235	79
2023-24	93	211	83
2024-25	123	193	122
2025-26	113	184	149

	MSA-7	***MSA-8***	***MSA-SD***
	ADA[(1)]	***ADA[(1)]***	***ADA[(1)]***
2021-22	265	375	400
2022-23	244	353	390
2023-24	262	371	413
2024-25	247	351	433
2025-26	256	370	455

	MSA-SA	***MSA-OC***	***Total***
	ADA[(1)]	***ADA[(1)]***	***ADA[(1)]***
2021-22	497	--	3,543
2022-23	467	--	3,303
2023-24	476	--	3,445
2024-25	495	--	3,501
2025-26	556	73	3,572

(1) For 2021-22 through 2025-26, reflects ADA as of the second principal reporting period ("P-2 ADA"), ending on or before the last attendance month prior to April 15 of each school year. An attendance month is equal to each four week period of instruction beginning on the first day of school.

Source: The Lessee.

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Student Retention. The following table sets forth, for the periods shown, the percentage of students enrolled from the prior school year that returned as students in the latter school year (without regard to graduating students).

TABLE 12
HISTORICAL STUDENT RETENTION[(1)]
2021-22 through 2026-27
The Lessee

	MSA-1	***MSA-2***	***MSA-3***	***MSA-4***
2021-22 to 2022-23	87%	83%	79%	92%
2022-23 to 2023-24	84	86	85	89
2023-24 to 2024-25	86	81	84	89
2024-25 to 2025-26	86	81	80	88
2025-26 to 2026-27	92	82	89	51

	MSA-5	***MSA-6***	***MSA-7***	***MSA-8***
2021-22 to 2022-23	85%	96%	88%	92%
2022-23 to 2023-24	83	91	96	94
2023-24 to 2024-25	84	90	92	94
2024-25 to 2025-26	85	90	93	92
2025-26 to 2026-27	86	91	93	95

	MSA-SD	***MSA-SA***	***MSA-OC***	***Total***
2021-22 to 2022-23	91%	90%	--	88%
2022-23 to 2023-24	89	89	--	89
2023-24 to 2024-25	89	89	--	88
2024-25 to 2025-26	93	93	--	88
2025-26 to 2026-27	95	92	83%	89

(1) The numerator is the number of students who were enrolled on Census Day (the first Wednesday in October) and the last day of the Financed Schools year and the denominator is the number of students who were enrolled on Census Day.
Source: The Lessee.

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Staffing and Teacher Retention

School Staffing. The following table sets forth information regarding the Lessee's FTE employees attributable to each of the Magnolia Schools for the years shown.

TABLE 13
EMPLOYMENT AND STAFFING[(1)]
2021-22 through 2025-26

Magnolia Schools

Magnolia Schools Total

	2021-22	*2022-23*	*2023-24*	*2024-25*	*2025-26*
Teachers	223	241	227	236	230
School Support Staff[(2)]	124	148	147	155	173
School Leaders	35	39	36	35	38
Total Employees	382	428	410	426	441
Total Number of Students	3,708	3,586	3,715	3,794	3,811
Student-to-Teacher Ratio	17:1	15:1	16:1	16:1	17:1

MSA-1

	2021-22	*2022-23*	*2023-24*	*2024-25*	*2025-26*
Teachers	41	42	43	46	43
School Support Staff[(2)]	22	31	31	30	36
School Leaders	5	6	6	6	6
Total Employees	68	79	80	82	85
Total Number of Students	742	694	714	746	677
Student-to-Teacher Ratio	19:1	17:1	17:1	17:1	16:1

(1) Staffing figures shown represent full-time equivalent staff.
(2) Support staff are not credentialed.
Source: The Lessee.

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TABLE 13 (continued)
EMPLOYMENT AND STAFFING[1]
2021-22 through 2025-26

Magnolia Schools

MSA-2

	2021-22	*2022-23*	*2023-24*	*2024-25*	*2025-26*
Teachers	24	26	27	29	23
School Support Staff[2]	15	18	18	22	21
School Leaders	4	4	4	4	4
Total Employees	43	48	49	55	48
Total Number of Students	504	511	532	514	448
Student-to-Teacher Ratio	21:1	20:1	20:1	18:1	19:1

MSA-3

	2021-22	*2022-23*	*2023-24*	*2024-25*	*2025-26*
Teachers	23	26	26	26	19
School Support Staff[2]	12	12	12	12	14
School Leaders	5	5	4	4	4
Total Employees	40	43	42	42	37
Total Number of Students	417	379	389	411	395
Student-to-Teacher Ratio	19:1	15:1	15:1	16:1	21:1

MSA-4

	2021-22	*2022-23*	*2023-24*	*2024-25*	*2025-26*
Teachers	12	17	12	11	9
School Support Staff[2]	7	11	4	5	6
School Leaders	2	3	2	2	2
Total Employees	21	31	18	18	17
Total Number of Students	109	102	124	132	123
Student-to-Teacher Ratio	10:1	6:1	11:1	12:1	14:1

[1] Staffing figures shown represent full-time equivalent staff.
[2] Support staff are not credentialed.
Source: The Lessee.

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TABLE 13 (continued)
EMPLOYMENT AND STAFFING[1]
2021-22 through 2025-26

Magnolia Schools

MSA-5

	2021-22	*2022-23*	*2023-24*	*2024-25*	*2025-26*
Teachers	17	17	14	15	14
School Support Staff[2]	7	11	13	15	13
School Leaders	2	3	3	3	3
Total Employees	26	31	30	33	30
Total Number of Students	247	238	218	218	194
Student-to-Teacher Ratio	15:1	14:1	16:1	15:1	14:1

MSA-6

	2021-22	*2022-23*	*2023-24*	*2024-25*	*2025-26*
Teachers	5	8	7	9	9
School Support Staff[2]	4	3	4	5	6
School Leaders	2	2	2	2	2
Total Employees	11	13	13	16	17
Total Number of Students	83	91	111	128	157
Student-to-Teacher Ratio	17:1	12:1	16:1	15:1	17:1

MSA-7

	2021-22	*2022-23*	*2023-24*	*2024-25*	*2025-26*
Teachers	19	18	16	16	18
School Support Staff[2]	13	16	18	19	18
School Leaders	2	2	3	3	3
Total Employees	34	36	37	38	39
Total Number of Students	280	263	280	272	276
Student-to-Teacher Ratio	15:1	15:1	18:1	17:1	15:1

[1] Staffing figures shown represent full-time equivalent staff.
[2] Support staff are not credentialed.
Source: The Lessee.

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TABLE 13 (continued)
EMPLOYMENT AND STAFFING[1]
2021-22 through 2025-26

Magnolia Schools

MSA-8

	2021-22	*2022-23*	*2023-24*	*2024-25*	*2025-26*
Teachers	24	25	25	23	22
School Support Staff[2]	17	19	18	17	18
School Leaders	4	5	3	4	4
Total Employees	45	49	46	44	44
Total Number of Students	392	384	404	385	395
Student-to-Teacher Ratio	17:1	16:1	17:1	17:1	18:1

MSA-SD

	2021-22	*2022-23*	*2023-24*	*2024-25*	*2025-26*
Teachers	22	24	22	25	24
School Support Staff[2]	8	6	6	7	10
School Leaders	4	4	4	3	3
Total Employees	34	34	32	35	37
Total Number of Students	421	422	439	464	481
Student-to-Teacher Ratio	20:1	18:1	20:1	19:1	20:1

MSA-SA

	2021-22	*2022-23*	*2023-24*	*2024-25*	*2025-26*
Teachers	36	38	35	36	39
School Support Staff[2]	19	21	23	23	25
School Leaders	5	5	5	4	4
Total Employees	60	64	63	63	68
Total Number of Students	513	502	504	524	586
Student-to-Teacher Ratio	15:1	14:1	15:1	15:1	15:1

MSA-OC[3]

	2021-22	*2022-23*	*2023-24*	*2024-25*	*2025-26*
Teachers	--	--	--	--	10
School Support Staff[2]	--	--	--	--	6
School Leaders	--	--	--	--	3
Total Employees	--	--	--	--	19
Total Number of Students	--	--	--	--	79
Student-to-Teacher Ratio	--	--	--	--	8:1

(1) Staffing figures shown represent full-time equivalent staff.
(2) Support staff are not credentialed.
(3) MSA-OC opened for the 2025-26 school year.
Source: The Lessee.

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Teacher Retention. The following table sets forth the rate of retention of teachers at each of the Magnolia Schools, showing for each period the percentage of teachers teaching in the initial school year who returned to teach at the same school in the latter school year.

TABLE 14
TEACHER RETENTION
2021-22 through 2026-27
The Lessee

	MSA-1	***MSA-2***	***MSA-3***	***MSA-4***	***MSA-5***	***MSA-6***
2021-22 to 2022-23	70%	82%	68%	90%	75%	83%
2022-23 to 2023-24	74	78	74	33	60	75
2023-24 to 2024-25	84	75	87	70	71	86
2024-25 to 2025-26	77	79	65	63	86	75
2025-26 to 2026-27	69	82	50	86	86	75

	MSA-7	***MSA-8***	***MSA-SD***	***MSA-SA***	***MSA-OC***	***Total***
2021-22 to 2022-23	81%	67%	68%	86%	--	76%
2022-23 to 2023-24	88	54	75	75	--	71
2023-24 to 2024-25	81	52	86	79	--	78
2024-25 to 2025-26	87	76	91	91	--	80
2025-26 to 2026-27	71	79	88	82	33	74

Source: The Lessee.

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Academic Outcomes for Magnolia Schools

CAASPP. Academic Performance Index ("API") scores have, in the past, been calculated using results of the State's STAR program and, for high school students, the California High School Exit Examination ("CAHSEE"). Changes to the Education Code enacted in 2013 deleted certain provisions of State law establishing the STAR program and replaced them with the California Assessment of Student Performance and Progress program ("CAASPP"), effective July 1, 2014. As a means to assess certain elementary and secondary pupils, CAASPP comprises:

(a) the State's Smarter Balanced Assessments, composed of (i) summative assessments in English language arts ("ELA") and mathematics for grades 3 to 8 inclusive, and grade 11, (ii) interim assessments to monitor student progress toward mastery of the Common Core State Standards in ELA and mathematics, and (iii) a "Digital Library" consisting of tools and practices designed to help teachers utilize formative assessment processes for improved teaching and learning;

(b) alternate assessments for ELA and mathematics in grades 3 through 8 and 11, that are based on alternate achievement standards and aligned with the Common Core State Standards for students with significant cognitive disabilities;

(c) science assessments in grades 5, 8, and 10, measuring specified content standards, currently composed of (i) the California Standards Test ("CST") for students in public schools, (ii) the California Modified Assessment ("CMA") for students with an individualized education program, and the (iii) California Alternate Performance Assessment ("CAPA") for students with significant cognitive disabilities; and

(d) the Standards-based Tests in Spanish ("STS"), which are multiple-choice tests that allow Spanish-speaking English learners in grades 2 through 11 to demonstrate their knowledge of California content standards by taking a reading/language arts ("RLA") assessment in their primary language.

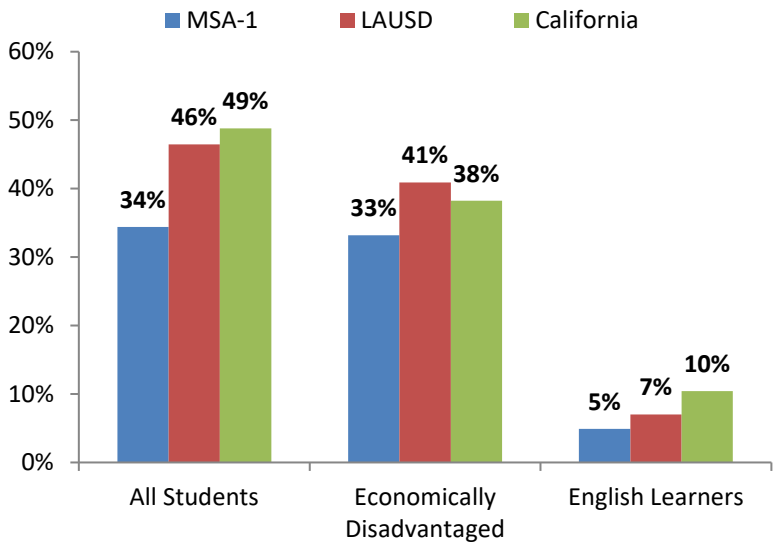
The following figures summarize the performance of the listed Series 2025 School students on CAASPP Smarter Balanced Assessments for ELA and mathematics in 2023-24, compared against averages for students in the school district in which the applicable Series 2025 School is located, and the State.

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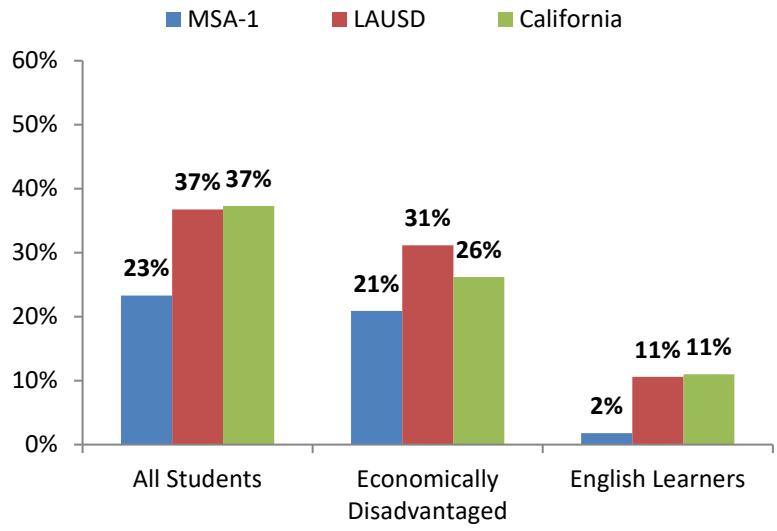
FIGURE 7
SMARTER BALANCED ASSESSMENT CONSORTIUM (SBAC) RESULTS[(1)]
2024-25

MSA-1, LAUSD and the State

English Language Arts/Literacy



Math



(1) Percentages shown are sums of percentages of 3rd through 12th grade students indicated as "Standards Met" and "Standards Exceeded" in Smarter Balanced Assessment results for the 2024-25 school year.

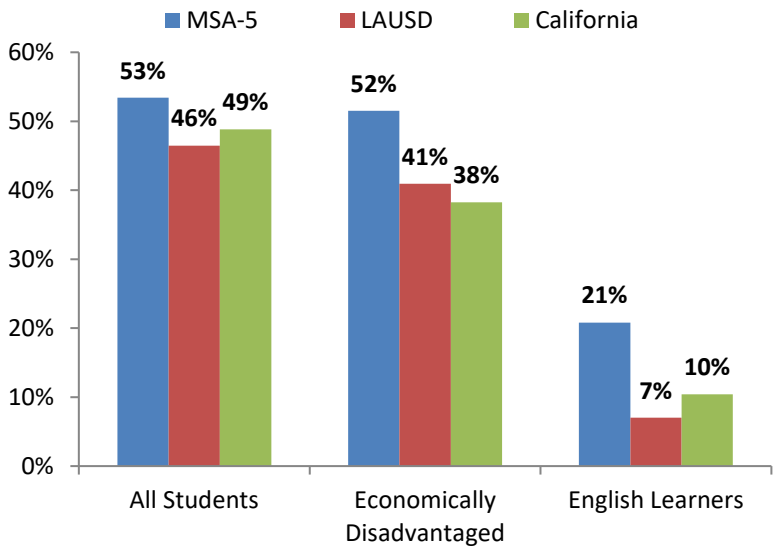
Source: California Department of Education; the Lessee.

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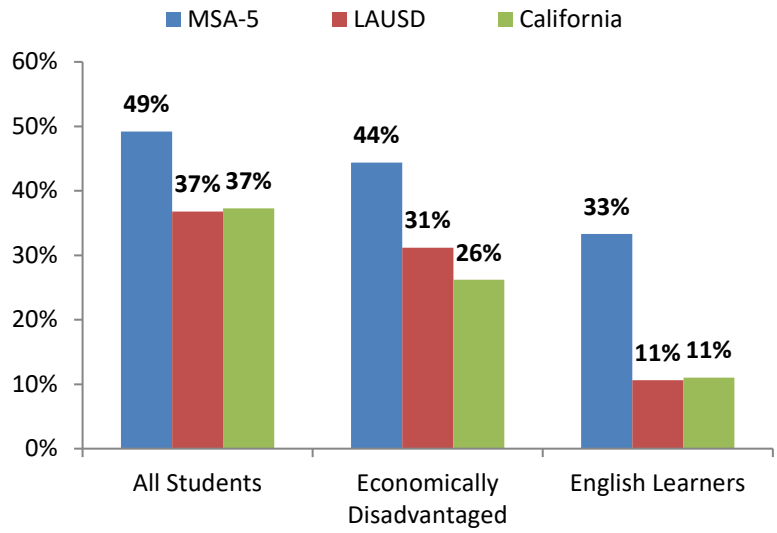
FIGURE 7 (continued)
SMARTER BALANCED ASSESSMENT CONSORTIUM (SBAC) RESULTS[(1)]
2024-25

MSA-5, LAUSD and the State

English Language Arts/Literacy



Math



(1) Percentages shown are sums of percentages of 3rd through 12th grade students indicated as "Standards Met" and "Standards Exceeded" in Smarter Balanced Assessment results for the 2024-25 school year.

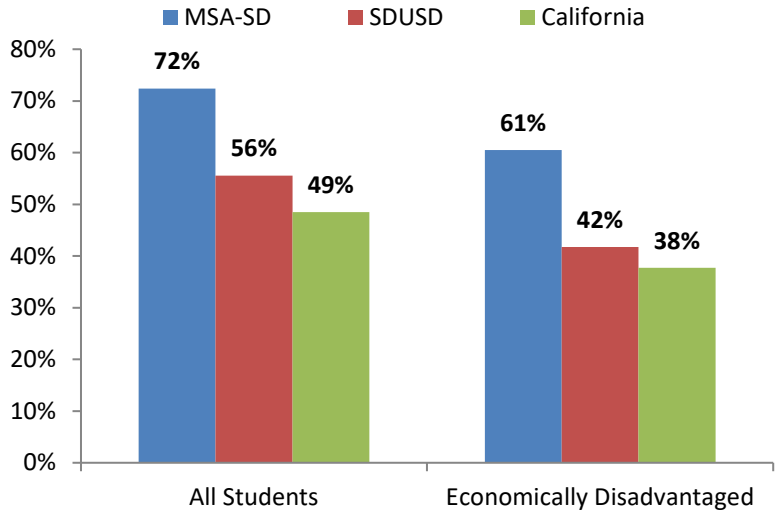
Source: California Department of Education; the Lessee.

Powered by BoardOnTrack

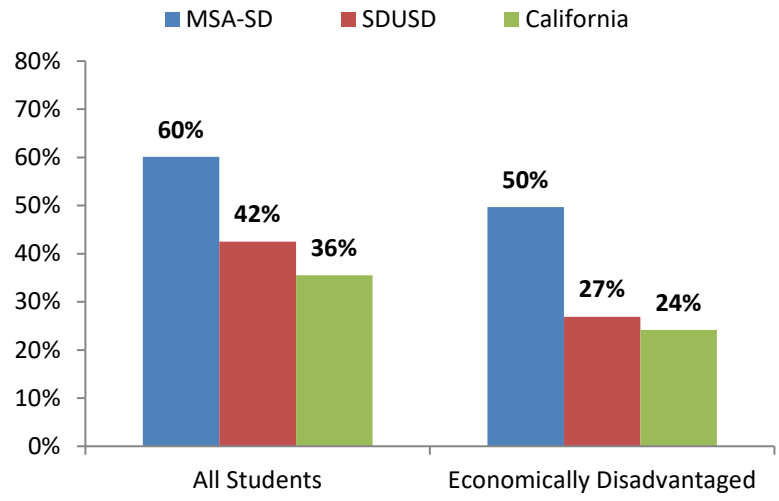
FIGURE 7 (continued)
SMARTER BALANCED ASSESSMENT CONSORTIUM (SBAC) RESULTS[(1)]
2024-25

MSA-SD, SDUSD and the State

English Language Arts/Literacy



Math



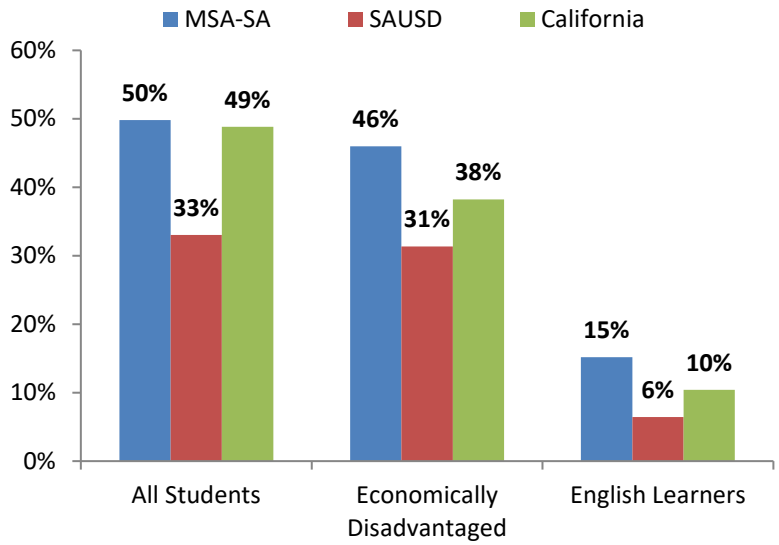
(1) Percentages shown are sums of percentages of 6th through 8h grade students indicated as "Standards Met" and "Standards Exceeded" in Smarter Balanced Assessment results for the 2024-25 school year.
(2) In order to protect student privacy, English Learner data is suppressed by the California Department of Education because fewer than 11 students tested.

Source: California Department of Education; the Lessee.

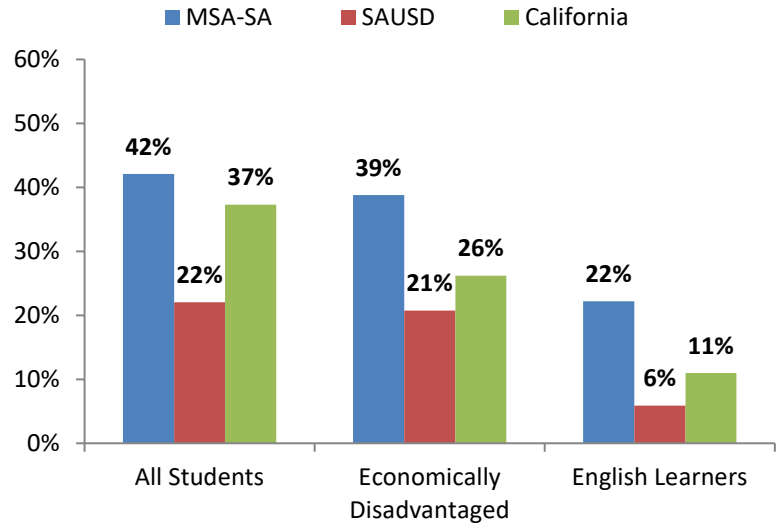
FIGURE 7 (continued)
SMARTER BALANCED ASSESSMENT CONSORTIUM (SBAC) RESULTS[(1)]
2024-25

MSA-SA, Santa Ana Unified School District ("SAUSD") and the State

English Language Arts/Literacy



Math



(1) Percentages shown are sums of percentages of 3rd through 12th grade students indicated as "Standards Met" and "Standards Exceeded" in Smarter Balanced Assessment results for the 2024-25 school year.

Source: California Department of Education; the Lessee.

Powered by BoardOnTrack

The following table summarizes the performance of Magnolia Schools students on CAASPP Smarter Balanced Assessments for ELA and mathematics in 2024-25 for the listed demographics.

TABLE 15
SMARTER BALANCED ASSESSMENT CONSORTIUM (SBAC) RESULTS
2024-25

	All Students		*Socioeconomically Disadvantaged*		*English Learners*	
School	*SBAC ELA Met/Exceeded*[(1)]	*SBAC Math Met/Exceeded*[(1)]	*SBAC ELA Met/Exceeded*[(2)]	*SBAC Math Met/Exceeded*[(2)]	*SBAC ELA Met/Exceeded*[(3)]	*SBAC Math Met/Exceeded*[(3)]
MSA-1	34.4%	23.3%	33.2%	20.9%	4.9%	1.8%
MSA-2	35.8	13.2	35.6	12.8	1.8	1.8
MSA-3	37.9	17.4	38.0	15.8	--[(4)]	--[(4)]
MSA-4	56.9	18.5	57.9	19.3	16.7	25.0
MSA-5	53.4	49.2	51.5	44.4	20.8	33.3
MSA-6	53.2	42.4	53.9	42.2	0.0	26.3
MSA-7	50.0	45.8	46.0	42.0	24.1	30.0
MSA-8	33.0	17.5	30.4	16.1	0.0	2.2
MSA-SD	72.4	60.1	60.5	49.7	--[(4)]	--[(4)]
MSA-SA	49.8	42.1	46.0	38.8	15.2	22.2

(1) Represents the percentage of students who met or exceeded standards on the State's 2024-25 Smarter Balanced Assessments in English Language Arts and mathematics.
(2) Represents the percentage of socioeconomically disadvantaged students who met or exceeded standards on the State's 2024-25 Smarter Balanced Assessments in English Language Arts and mathematics.
(3) Represents the percentage of English learner students who met or exceeded standards on the State's 2024-25 Smarter Balanced Assessments in English Language Arts and mathematics.
(4) In order to protect student privacy, data is suppressed by the California Department of Education because fewer than 11 students tested.

Source: The Lessee; California Department of Education.

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California School Dashboard. During the 2016-17 school year, the California State Board of Education ("SBE") approved a new integrated accountability and continuous improvement system (the "Accountability System") that is used to evaluate local education agency ("LEA") and school performance in areas critical to students' preparedness for college and career. The Accountability System is aligned to both (i) the LCFF priority areas, as required under State law, and (ii) accountability measures required under the provisions of the federal Every Student Succeeds Act. Performance by individual LEAs and schools under the Accountability System is reported through the State's California School Dashboard (the "Dashboard").

The Accountability System measures performance in the following priority areas using various state and local indicators:

Priority Areas	State Indicator	Local Indicator
Basic Services or Basic Condition at schools	N/A	Appropriately assigned teachers, access to curriculum-aligned instructional materials, and safe, clean and functional school facilities
Implementation of State Academic Standards	N/A	Progress in implementing state academic standards
Parent Engagement	N/A	Progress in seeking input from parents in decision making and promoting parental participation in programs
Student Achievement	• Academic Performance (Grades 3-8 and Grade 11); • English Learners Progress	N/A
Student Engagement	• Graduation Rate; • Chronic Absenteeism	N/A
School Climate	Suspension Rate	Administration of a local climate survey at least every other year that provides a valid measure of perceptions of school safety and connectedness to students in at least one grade within the grade span(s) that the LEA serves (e.g., K-5, 6-8, 9-12)
Access to a Broad Course of Study	N/A	Annually measures progress on the extent students have access to, and are enrolled in, a broad course of study
Outcomes in a Broad Course of Study	College/Career	N/A

Source: California Department of Education.

State Indicators. The Accountability System measures performance on state indicators through a combination of current performance ("Status") and improvement over time ("Change"). Both Status and Change are weighted equally, and scores approved by SBE serve as performance standards based on the state-wide distribution of Status and Change for each indicator. For each state indicator, a school or LEA will be assigned (i) a Status level of Very High, High, Medium, Low or Very Low; and (ii) a Change level of Increased Significantly, Increased, Maintained, Declined or Declined Significantly. For each state indicator, the combination of Status level and Change level yields a performance level of Blue, Green, Yellow, Orange or Red, with Blue representing the highest performance and Red indicating the lowest performance. Any performance level below Green indicates that improvement is needed.

Local Indicators. The local indicators require LEAs (including individual charter schools) to determine whether they have Met, Not Met, or Not Met for More than Two Years the standards for each local indicator.

For each local indicator, LEAs (and charter schools) must (i) measure their progress using locally available information, (ii) report the results at a regularly scheduled public meeting of the LEA's (or charter school's) local governing board, and (iii) upload the results to the public through the Dashboard.

School Performance Overview. Each LEA and school's School Performance Overview provides the performance level for all students on state and local indicators.

TABLE 16
CALIFORNIA SCHOOL DASHBOARD STATE AND LOCAL INDICATORS
2024-25

MSA-1

State Indicators	All Students Performance[1]	Status	Change[2]
Chronic Absenteeism [3]	 Red	24.1% chronically absent	Increased 1.1%
Suspension Rate [4]	 Red	5% suspended at least once	Increased 2.5%
English Learner Progress [5]	 Yellow	40.7% making progress towards English language proficiency	Increased 17.4%
English Language Arts [6]	 Orange	42.3 points below standard	Declined 10.9 Points
Mathematics [6]	 Red	95.7 points below standard	Declined 21.8 Points
Graduation Rate[7]	 Blue	96.1% graduated	Declined 1.3%
College/Career[8]	 Green	71.3% prepared	Declined 18.3%

Local Indicators	Ratings
Basics: Teachers, Instructional Materials, Facilities)	Standard Met
Implementation of Academic Standards	Standard Met
Parent and Family Engagement	Standard Met
Local Climate Survey	Standard Met
Access to a Broad Course of Study	Standard Met

[TABLE CONTINUED ON FOLLOWING PAGE]

MSA-5

State Indicators	All Students Performance[1]	Status	Change[2]
Chronic Absenteeism [3]	 Orange	26.1% chronically absent	Declined 4.7%
Suspension Rate [4]	 Green	1.3% suspended at least once	Declined 1.1%
English Learner Progress [5]	 Orange	53% making progress towards English language proficiency	Declined 10.2%
English Language Arts [6]	 Orange	27.9 points below standard	Declined 28.4 Points
Mathematics [6]	 Orange	79.6 points below standard	Declined 30.2 Points

Local Indicators	Ratings
Basics: Teachers, Instructional Materials, Facilities)	Standard Met
Implementation of Academic Standards	Standard Met
Parent and Family Engagement	Standard Met
Local Climate Survey	Standard Met
Access to a Broad Course of Study	Standard Met

MSA-SD

State Indicators	All Students Performance[1]	Status	Change[2]
Chronic Absenteeism [3]	 Yellow	19.9% chronically absent	Declined 1.7%
Suspension Rate [4]	 Green	2.2% suspended at least once	Declined 0.3%
English Learner Progress [5]	 No Performance Color	76.9% making progress towards English language proficiency	Increased 3.8%
English Language Arts [6]	 Blue	45.6 above standard	Increased 18.4 Points
Mathematics [6]	 Blue	26.6 points above standard	Increased 18 Points

Local Indicators	Ratings
Basics: Teachers, Instructional Materials, Facilities)	Standard Met
Implementation of Academic Standards	Standard Met
Parent and Family Engagement	Standard Met
Local Climate Survey	Standard Met
Access to a Broad Course of Study	Standard Met

[TABLE CONTINUED ON FOLLOWING PAGE]

MSA-SA

State Indicators	All Students Performance[1]	Status	Change[2]
Chronic Absenteeism [3]	 Yellow	15.1% chronically absent	Declined 1.7%
Suspension Rate [4]	 Orange	3.3% suspended at least once	Increased 0.6%
English Learner Progress [5]	 Red	34% making progress towards English language proficiency	Declined 39.3%
English Language Arts [6]	 Yellow	8.3 points below standard	Increased 6.4 Points
Mathematics [6]	 Yellow	36.5 points below standard	Increased 3.4 Points
Graduation Rate[7]	 No Performance Color	100% graduated	Maintained 0%
College/Career[8]	 No Performance Color	77.1% prepared	Increased 4.7%

Local Indicators	Ratings
Basics: Teachers, Instructional Materials, Facilities)	Standard Met
Implementation of Academic Standards	Standard Met
Parent and Family Engagement	Standard Met
Local Climate Survey	Standard Met
Access to a Broad Course of Study	Standard Met

(1) A chartering authority shall not renew a charter if for two consecutive years immediately preceding the renewal decision, the charter school has received the two lowest performance levels schoolwide on all the state indicators included in the California School Dashboard for which it receives performance levels. See "CHARTER SCHOOLS – Charter Renewal" in the forepart of this Limited Offering Memorandum.

(2) Change level is based on the difference between data for the 2024-25 and 2023-24 school years

(3) Chronic Absenteeism Status level is based on the number of students absent for 10% or more of instructional days within the 2024-25 school year.

(4) Suspension Rate Status level is based on the unduplicated number of students suspended within the 2024-25 school year.

(5) English Learner Progress Status level is based on the percentage of English Language Proficiency Assessments for California ("ELPAC") test takers scoring at a proficient level in the 2024-25 school year.

(6) English Language Arts ("ELA") and Mathematics Status levels are based on the sum of all grades 3-8 and 11 students' distance from the minimum score qualifying a student for "Standards Met" on the ELA or Math 2024-25 Smarter Balanced Assessment, divided by the total number of 2024-25 Smarter Balanced Assessment ELA or Math test takers.

(7) Percentage of students who received a high school diploma within four or five years of entering ninth grade or completed their graduation requirements at an alternative school.

(8) Determination of whether high school students are prepared for success after graduation based on measures like graduation rate, performance on state tests, and college credit courses. For additional College/Career information, see " – College Readiness and Outcomes" herein.

Source: California Department of Education.

Competing Schools. The following tables below presents a summary of certain demographics and test results for competing schools, indicating for each the enrollment, percentages of English Learners ("EL") and percentages of recipients of Free and Reduced Price Meals ("FRPM"), and the percentage of English Learner and socioeconomically disadvantaged students in the grades shown who met or exceeded standards for the Smarter Balanced Assessments in English Language Arts and Math. Certain demographic and test results for the school district in which the applicable Financed School is located and the State are also presented for comparison purposes. Please refer to the footnotes on the tables below for more information.

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TABLE 17
COMPETING SCHOOLS

MSA-1

School	Grades	2025-26 Enrollment	2025-26 EL	2025-26 FRPM(%)	Academic Performance SBAC ELA Met/Exceeded[1]	Academic Performance SBAC Math Met/Exceeded[1]	Academic Performance (Socioeconomically Disadvantaged) SBAC ELA Met/Exceeded[2]	Academic Performance (Socioeconomically Disadvantaged) SBAC Math Met/Exceeded[2]
MSA-1	**6-12**	**677**	**25.4**	**70.9**	**34.4**	**23.3**	**33.2%**	**20.9%**
Reseda Senior High School	6-12	1,322	17.6	90.5	42.3	24.4	39.8	21.0
James Jordan Middle School	6-8	453	19.5	82.8	54.7	37.2	53.5	35.5
Daniel Pearl Journalism & Communications Magnet	9-12	151	7.3	78.8	53.1	37.5	50.0	31.8
Birmingham Community Charter High	9-12	3,259	7.2	67.8	75.3	29.2	74.5	28.3
Mulholland Middle School	6-8	1,167	14.0	94.3	39.7	27.8	38.3	26.3
Northridge Middle School	6-8	613	16.8	95.8	33.8	15.3	33.3	15.8
LAUSD	TK-12				46.5	36.8	40.9	31.2
State	TK-12				48.8	37.3	38.2	26.2

MSA-2

School	Grades	2025-26 Enrollment	2025-26 EL	2025-26 FRPM(%)	Academic Performance SBAC ELA Met/Exceeded[1]	Academic Performance SBAC Math Met/Exceeded[1]	Academic Performance (Socioeconomically Disadvantaged) SBAC ELA Met/Exceeded[2]	Academic Performance (Socioeconomically Disadvantaged) SBAC Math Met/Exceeded[2]
MSA-2[3]	6-12	**448**	**17.0**	**69.4**	**35.8**	**13.2**		
Birmingham Community Charter High	9-12	3,259	7.2	67.8	75.3	29.2		
High Tech LA	9-12	351	8.3	52.1	68.7	48.2		
Mulholland Middle School	6-8	1,167	14.0	94.3	39.7	27.8		
Daniel Pearl Journalism & Communications Magnet	9-12	151	7.3	78.8	53.1	37.5		
Lake Balboa College Preparatory Magnet	K-12	559	8.8	77.6	57.3	45.9		
Reseda Senior High School	6-12	1,322	17.6	90.5	42.3	24.4		
LAUSD	TK-12						40.9	31.2
State	TK-12						38.2	26.2

(1) Represents the percentage of students who met or exceeded standards on the State's 2024-25 Smarter Balanced Assessments in English Language Arts and mathematics.

(2) Represents the percentage of socioeconomically disadvantaged students who met or exceeded standards on the State's 2024-25 Smarter Balanced Assessments in English Language Arts and mathematics.

Source: The Lessee; California Department of Education.

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TABLE 17 (continued)
COMPETING SCHOOLS

MSA-5

School	Grades	2025-26 Enrollment	2025-26 EL	2025-26 FRPM(%)	Academic Performance SBAC ELA Met/Exceeded[1]	Academic Performance SBAC Math Met/Exceeded[1]	Academic Performance (Socioeconomically Disadvantaged) SBAC ELA Met/Exceeded[2]	Academic Performance (Socioeconomically Disadvantaged) SBAC Math Met/Exceeded[2]
MSA-5[3]	**6-12**	**194**	**19.6**	**68.0**	**53.4**	**49.2**	**51.5%**	**44.4%**
Reseda Senior High	6-12	1,322	17.6	90.5	42.3	24.4	18.0	13.6
James Jordan Middle School	6-8	453	19.5	82.8	54.7	37.2	26.3	20.5
Daniel Pearl Journalism & Communications Magnet	9-12	151	7.3	78.8	53.1	37.5	25.7	14.7
Birmingham Community Charter High	9-12	3,259	7.2	67.8	75.3	29.2	51.2	22.5
Mulholland Middle School	6-8	1,167	14.0	94.3	39.7	27.8	56.7	29.2
Ingenium Charter Middle School	6-8	193	31.1	85.5	17.4	13.2	39.8	21.0
LAUSD	TK-12				46.5	36.8	40.9	31.2
State	TK-12				48.8	37.3	38.2	26.2

MSA-SD

School	Grades	2025-26 Enrollment	2025-26 EL	2025-26 FRPM(%)	Academic Performance SBAC ELA Met/Exceeded[1]	Academic Performance SBAC Math Met/Exceeded[1]	Academic Performance (Socioeconomically Disadvantaged) SBAC ELA Met/Exceeded[2]	Academic Performance (Socioeconomically Disadvantaged) SBAC Math Met/Exceeded[2]
MSA-SD	**6-8**	**481**	**1.5**	**25.2**	**72.4**	**60.1**	**60.5%**	**49.7%**
Lewis Middle School	6-8	996	5.6	45.2	62.5	55.9	47.4	39.0
Wilson Middle School	6-8	688	26.9	95.1	32.6	13.4	31.7	13.3
Taft Middle School	6-8	384	13.0	60.4	40.3	24.8	54.6	32.3
Mann Middle School	6-8	663	34.7	94.1	28.4	16.5	33.3	20.0
Pershing Middle School	6-8	1,082	2.3	31.3	64.7	54.3	27.4	15.4
Farb Middle School	6-8	416	2.6	68.0	57.4	35.8	54.1	42.8
SDUSD	TK-12				56.2	45.3	42.6	30.3
State	TK-12				48.8	37.3	38.2	26.2

(1) Represents the percentage of students who met or exceeded standards on the State's 2024-25 Smarter Balanced Assessments in English Language Arts and mathematics.
(2) Represents the percentage of socioeconomically disadvantaged students who met or exceeded standards on the State's 2024-25 Smarter Balanced Assessments in English Language Arts and mathematics.
(3) Competing schools measured from the MSA-5 Facility under construction at 7111 Winnetka Avenue, Winnetka, CA 91305.
Source: The Lessee; California Department of Education.

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TABLE 17 (continued)
COMPETING SCHOOLS

MSA-SA

		2025-26			*Academic Performance*		*Academic Performance (Socioeconomically Disadvantaged)*	
School	***Grades***	***Enrollment***	***EL***	***FRPM(%)***	***SBAC ELA Met/Exceeded[(1)]***	***SBAC Math Met/Exceeded[(1)]***	***SBAC ELA Met/Exceeded[(2)]***	***SBAC Math Met/Exceeded[(2)]***
MSA-SA	**TK-12**	**524**	**25.3**	**74.4**	**49.8**	**42.1**	**46.0%**	**38.8%**
Vista Heritage Global Academy	6-8	361	46.5	89.8	32.2	13.8	31.3	13.7
Fremont Elementary	TK-5	394	45.4	92.9	44.7	31.8	43.0	31.6
Samueli Academy	7-12	844	13.8	75.4	52.5	25.6	45.0	16.7
George W. Carver Elementary	TK-5	360	54.4	95.6	31.1	23.1	30.5	22.8
Wilson Elementary	TK-5	395	54.2	91.6	36.7	31.6	37.4	31.5
Santiago Elementary	TK-8	836	21.4	78.9	39.0	26.6	33.8	22.6
Santa Ana Unified School District	TK-12	361	46.5	89.8	33.0	22.1	31.4	20.7
State	TK-12	394	45.4	92.9	48.8	37.3	38.2	26.2

(1) Represents the percentage of students who met or exceeded standards on the State's 2024-25 Smarter Balanced Assessments in English Language Arts and mathematics.
(2) Represents the percentage of socioeconomically disadvantaged students who met or exceeded standards on the State's 2024-25 Smarter Balanced Assessments in English Language Arts and mathematics.

Source: The Lessee; California Department of Education.

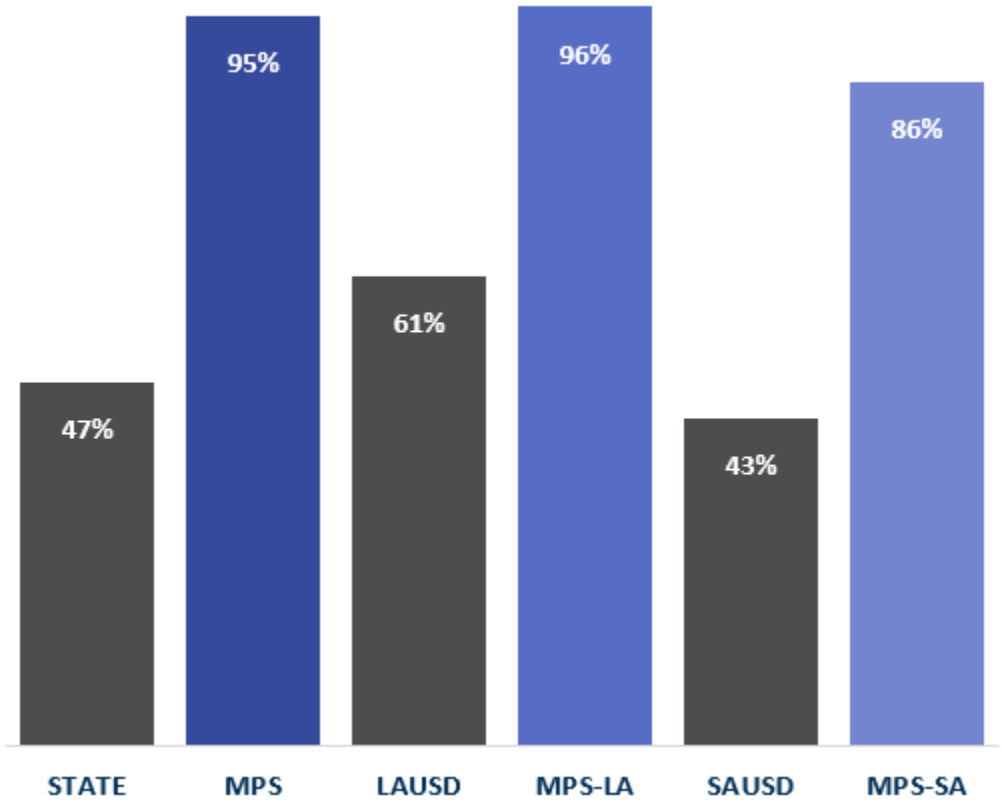
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College Readiness and Outcomes

A-G Completion Rates. A-G courses are a series of high school classes that students are required to successfully complete in order to be eligible for admission to the California State University and University of California systems.

The following figure shows the percentage of 12th grade students who completed the A-G course requirements for entry to the University of California and California State University systems in the State, at the Magnolia Schools that serve grade twelve, LAUSD, Magnolia Schools that serve grade twelve in Los Angeles, SAUSD and MSA-SA.

FIGURE 8
PERCENT OF STUDENTS MEETING A-G COMPLETION COURSE REQUIREMENTS(1)
2024-25

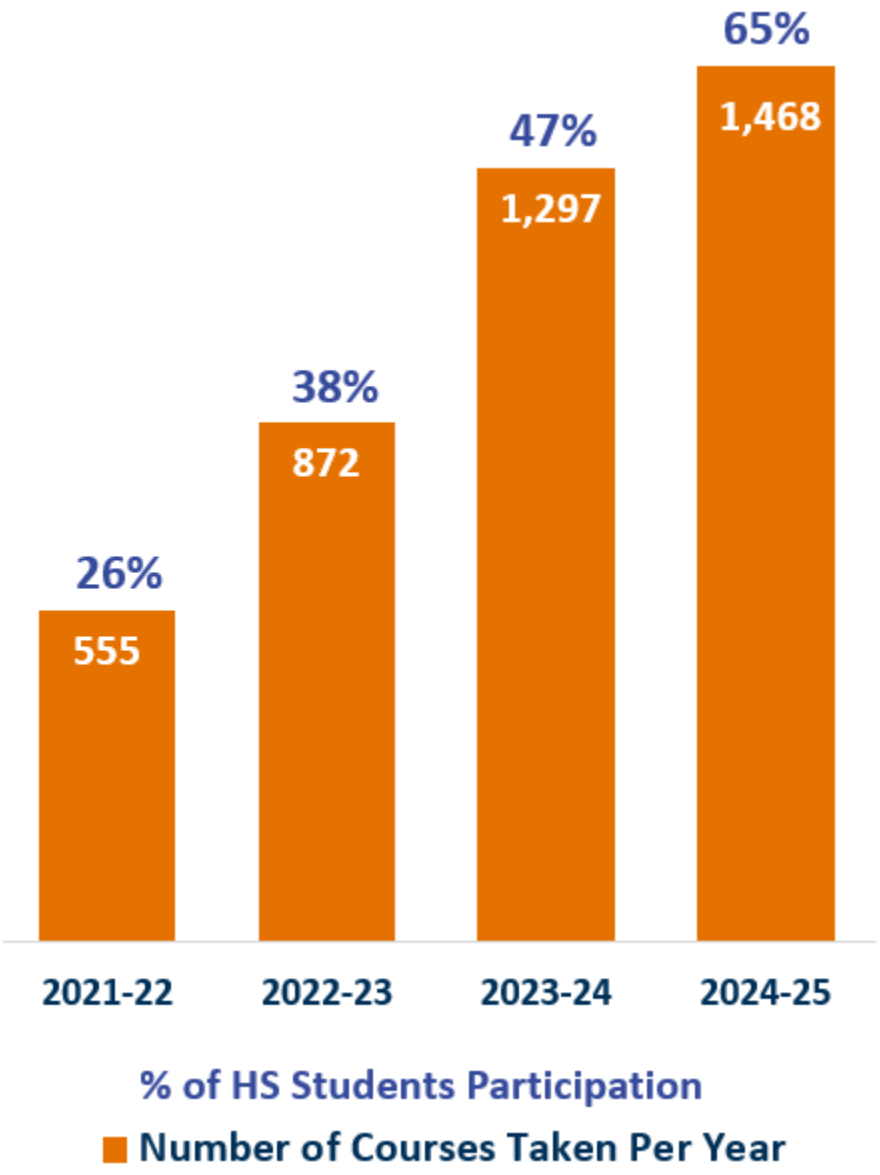


(1) MPS-LA includes MSA-1, MSA-2, MSA-3, MSA-4 and MSA-5.
Source: The Lessee; California Department of Education.

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Dual Enrollment Participation. By integrating dual enrollment opportunities with colleges and universities, MERF created new pathways for students to earn college credits while still in high school. The following figure shows the percentage of students in all high school grades who participated in the dual enrollment courses and the number of courses taken per year during each of the last four years at Magnolia Schools.

FIGURE 9
DUAL ENROLLMENT PARTICIPATION
2021-22 through 2024-25
Magnolia Schools



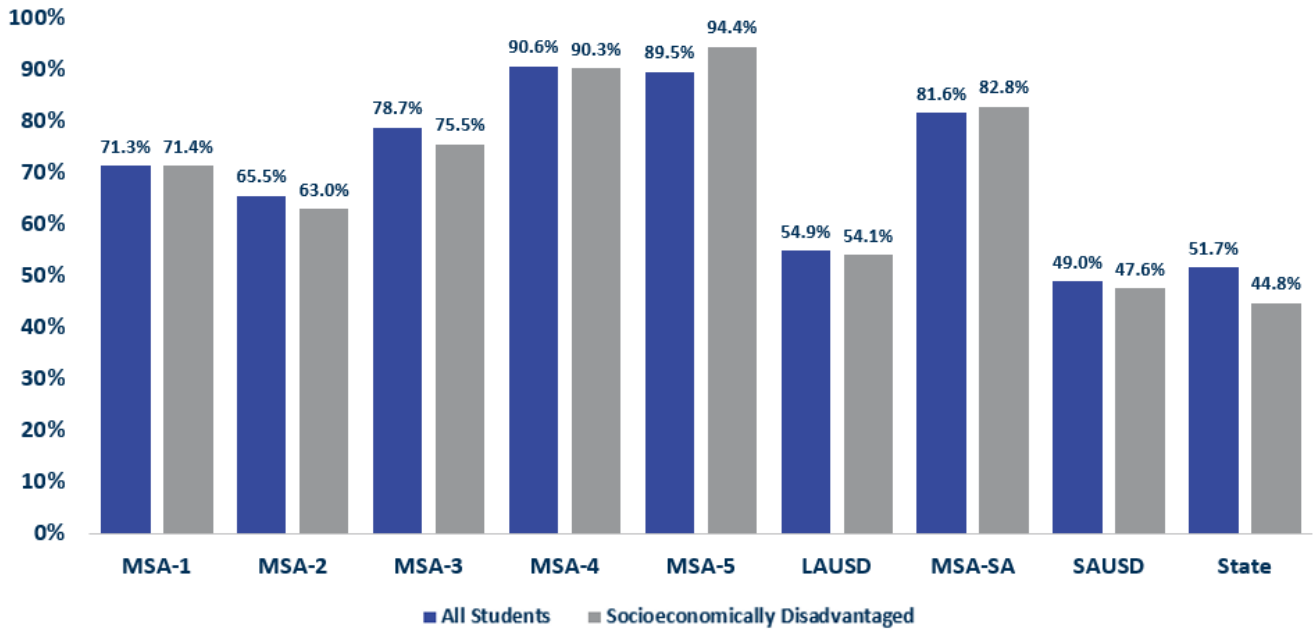
Source: The Lessee.

College/Career Indicator. The College/Career Indicator ("CCI") is an indicator on the Dashboard that is given to districts and schools that serve students in grade twelve receive. This indicator looks at how well local educational agencies and schools are preparing graduates for college and/or career. Graduates who meet specific CCI "prepared" criteria are included in the calculations of the CCI rate. Criteria for College Readiness and Career Readiness are summarized below.

College Readiness	Career Readiness
• Smarter Balanced Summative Assessments	• Leadership/Military Service
• Advanced Placement Exams	• Career Technical Education Pathway
• International Baccalaureate Exams	• Registered Pre-Apprenticeship
• College Credit Courses	• State and Federal Job Programs
• State Seal of Biliteracy	• Transition Classroom and Work-Based Learning Experiences
• UC/CSU Requirements (A-G)	

The CCI measures the percentage of grade 12 students that are considered prepared under the above criteria. While students may qualify as prepared under multiple criteria, they are only counted once. The following figure shows the 2025 percentage of grade 12 students who are considered prepared at the listed Magnolia Schools, LAUSD, SAUSD and the State.

FIGURE 10
2025 College/Career Indicator
Listed Magnolia Schools, LAUSD, SAUSD & the State



Source: The Lessee; California Department of Education.

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College Acceptance & Post-Secondary Commitments. Magnolia Schools has a strong and consistent record of preparing students for college and a wide range of post-secondary pathways. Graduates across recent cohorts have earned admission to a broad spectrum of institutions, including highly selective four-year universities, University of California and California State University campuses, private colleges, and regional public universities. Students have also pursued post-secondary options aligned to their individual goals, including community colleges, STEM-focused programs, and career-oriented pathways. This pattern of outcomes reflects Magnolia's commitment to rigorous academics, college readiness, and personalized post-secondary planning.

For 2026 graduates, 70% of Magnolia Schools 12th grade students were accepted to a four-year college/university. The table below shows the known outcomes for Class of 2026 graduates at Magnolia Schools.

TABLE 18
Class of 2025 Post-Secondary Commitments
Magnolia Schools

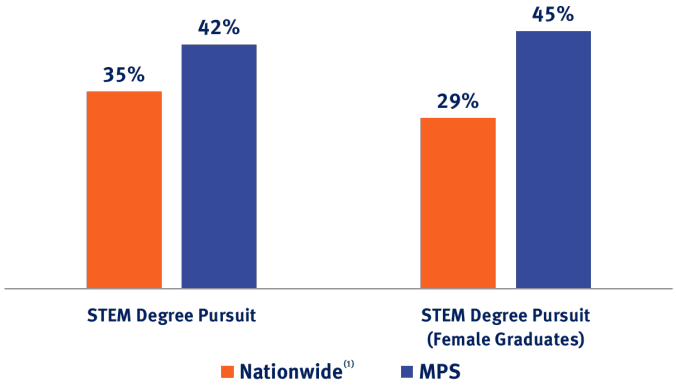
Type of Institution	**# of Graduates Committed**
Four-year college	143
College (other)	141
Total # of Graduates Committed	**241**
Total # of Graduates	264
Total % of Graduates Committed	**93%**

_____
Source: The Lessee.

Powered by BoardOnTrack

STEM Degree Attainment. Magnolia alumni are 22% more likely to graduate from a STEM field than their non-Magnolia peers. Female Magnolia alumni are 54% more likely to graduate from a STEM field than their non-Magnolia peers.

FIGURE 11
Percentage of Earned AA & BA Degrees in STEM Fields
Magnolia Schools



(1) Based on National Student Clearinghouse StudentTracker data pertaining to low-income schools.
Source: The Lessee.

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OPERATING AND FINANCIAL INFORMATION

Budget Process and Policies

The Magnolia Schools' budgets are developed by school site principals and the organization-wide budget is prepared by the Chief Financial Officer. Development of Magnolia Schools and organizational wide budgets are supported by a back-office provider. All proposed budget information is collected along with a narrative explanation of the sources and uses of funds explaining material fluctuations and the first draft of the budget will be prepared. After appropriate revisions and a compilation of all Magnolia Schools' budgets by the back-office provider, a draft of school site budgets and the organizational wide budget are presented to the Chief Financial Officer for discussion, revision, and preliminary approval. The Chief Executive Officer is responsible for the final approval of all budgets. The final budget is then submitted by the Chief Financial Officer to the Board for adoption. It is the policy of MERF to adopt a final annual operating budget at least 60 days before the beginning of each fiscal year. Reclassifications of budgeted expense amounts may be made by the back-office provider, with approval from the Chief Financial Officer or his designee.

MERF maintains fiscal and governance policies to guide the Board and management in the fulfillment of their duties. The policies include governance of conflicts of interests, finances and budgeting, investments and reserves.

Historical Financial Results

The table below presents the audited consolidated statements of activities and changes in net assets for the Lessee for fiscal years 2020-21 through 2024-25, as well as unaudited figures for fiscal year 2025-26.

TABLE 19
CONSOLIDATED STATEMENT OF ACTIVITIES
2020-21 through 2025-26
The Lessee[1]

	2020-21	*2021-22*	*2022-23*	*2023-24*	*2024-25*	*Unaudited 2025-26*
Enrollment[2]	*3,870*	*3,708*	*3,586*	*3,715*	*3,794*	*3,811*
WITHOUT DONOR RESTRICTIONS						
Support and Revenues						
Local Control Funding Formula	$41,352,580	$42,193,195	$44,427,454	$50,201,138	$51,795,019	$53,085,382
Federal Revenue	7,307,706	13,322,665	7,495,567	4,737,585	4,096,671	4,548,991
Other State Revenue	9,080,047	9,930,146	17,781,430	20,592,755	25,233,159	32,357,114
PPP Loan Forgiveness Revenue	5,461,600	--	--	--	--	--
Local Revenues	373,024	577,511	4,835,621	4,686,292	2,984,329	12,619,959
Interest Income	34,748	35,200	485,432	65,249	103,467	--
Fundraising Revenue	--	172,999	342,645	285,284	272,216	--
Total Support and Revenues	63,609,705	66,231,716	75,368,149	80,568,303	84,484,861	102,611,446
Expenses						
Program Services	33,869,275	44,379,556	48,959,750	53,688,373	59,873,948	67,744,936
Management and General	16,985,345	17,832,402	20,352,757	22,255,815	25,068,678	21,576,519
Total Expenses	50,854,620	62,211,958	69,312,507	75,944,188	84,942,626	89,321,455
Change in Net Assets	12,755,085	4,019,758	6,055,642	4,624,115	(457,765)	13,289,991
Net Assets, Beginning of Year	30,921,731	43,676,816	47,696,574	53,752,216	58,376,331	57,918,566
Net Assets, End of Year	$43,676,816	$47,696,574	$53,752,216	$58,376,331	$57,918,566	$71,208,557

(1) Represents results of all operations of the Lessee
(2) Provided for reference. Does not appear in audited financial statements consolidated statement of activities.
Sources: the Lessee; Audited Financial Reports for Fiscal Years 2020-21 through 2024-25, unaudited results for fiscal year 2025-26.

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Management Discussion & Analysis – Lessee – Statement of Activities. From 2020-21 to 2024-25 the Lessee has increased Total Support and Revenues by $21M (32.8%). The increase in Total Support and Revenues can primarily be attributed to increases in state funding and federal funding during and after the COVID-19 pandemic. The primary source of revenues has been state revenues (comprised of Local Control Funding Formula revenues and Other State Revenues), which has typically comprised 79% to 91% of Total Support and Revenues. In recent years, Federal Revenue comprised a larger percentage of Total Support and Revenues (peaking at 20% in 2021-22) as a result of federal COVID-19 related funding, however has subsided to 5% for 2024-25, which the Lessee projects Federal Revenues to stabilize at for future years. From 2020-21 to 2023-24, the Lessee produced positive operating results, with annual changes in net assets ranging from $4.0M to $12.7M, representing 5.7% to 20.1% of Total Support and Revenues. The Lessee's negative change in net assets in 2024-25 resulted from recording a $1.2M loss on extinguishment of debt expense related to the refinancing of the prior Series 2014 and Series 2017 Bonds that were refunding with last year's issuance of the 2025 Bonds.

Historical Statements of Financial Position

The following table sets forth the audited assets, liabilities and net assets of the Lessee as of June 30 of the years 2020 through 2025, as well as unaudited figures for 2026.

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TABLE 20
STATEMENT OF FINANCIAL POSITION
2020-21 through 2025-26
The Lessee[1]

	2020-21	*2021-22*	*2022-23*	*2023-24*	*2024-25*	*Unaudited 2025-26*
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	$22,858,187	$29,396,853	$41,517,716	$46,060,275	$42,476,923	$18,750,345
Restricted Cash	--	--	--	--	2,000,000	--
Receivables	13,703,840	13,717,155	18,773,554	11,173,689	10,555,437	24,731,340
Prepaid Expenses	89,418	59,413	349,445	581,649	566,747	678,297
Total Current Assets	36,651,445	43,173,421	60,640,715	57,815,613	55,599,107	44,159,982
NON-CURRENT ASSETS						
Investments	--	--	--	--	11,613,448	4,429,997
Security Deposit	110,000	110,000	110,000	100,000	10,000	10,000
Other Assets	--	--	--	10,000	2,173,631	200,000
Restricted Cash	2,282,261	2,281,161	2,314,749	2,320,183	1,817,082	43,117
Property and Equipment	52,781,413	52,199,330	80,259,046	81,760,560	101,347,701	46,209,369
Operating Lease Right-of-use Asset	--	--	1,447,990	405,650	632,435	62,389,762
Finance Lease Right-of-use Asset	--	--	1,229,948	1,769,803	743,479	--
Total Non-Current Assets	55,173,674	54,590,491	85,361,733	86,366,196	118,337,776	113,282,245
Total Assets	91,825,119	97,763,912	146,002,448	144,181,809	173,936,883	157,442,227
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	4,756,639	6,235,358	12,393,549	10,508,635	8,560,678	20,267,770
Accrued Compensated Absences	498,038	637,430	473,788	485,766	495,020	936,616
Interest Payable	52,025	50,443	--	--	415,298	--
Refundable Advance	2,562,674	3,853,442	10,466,215	7,950,047	8,198,941	544,732
Current Portion of Notes Payable	104,583	109,583	114,583	122,107	8,210,363	3,514,251
Current Portion of Bonds Payable	685,000	720,000	760,000	800,000	--	--
Current Portion of Revolving Loan	237,272	242,040	--	--	--	--
Current Portion of Operating Lease Liability	--	--	429,321	407,642	175,064	--
Current Portion of Finance Lease Liability	--	--	292,752	313,018	341,658	--
Current Portion of Proposition Construction Loan	--	--	246,906	251,869	256,931	--
Total Current Liabilities	8,896,231	11,848,296	25,177,114	20,839,084	26,653,953	25,263,369
LONG-TERM LIABILITIES						
Notes Payable, Less Current Portion	3,883,751	3,774,168	31,624,377	29,147,666	17,167,394	7,006,970
Bonds Payable, Less Current Portion and Net of Unamortized Bond Issuance Costs	27,801,561	27,120,454	26,399,347	25,638,241	27,105,075	6,566,618
Revolving Loan, Less Current Portion	7,566,760	7,324,420	--	--	--	--
Grant Anticipation Notes Payable, Less Current Portion and Net of Unamortized Note Issuance Costs	--	--	--	--	29,257,982	--
Operating Lease Liability, Less Current Portion	--	--	1,018,229	652,296	480,094	58,989,382
Finance Lease Liability, Less Current Portion	--	--	953,651	728,275	429,260	--
Proposition Construction Loan, Less Current Portion	--	--	7,077,514	8,799,916	14,924,559	--
Total Long-Term Liabilities	39,252,072	38,219,042	67,073,118	64,966,394	89,364,364	72,562,970
Total Liabilities	48,148,303	50,067,338	92,250,232	85,805,478	116,018,317	97,826,339
NET ASSETS						
Without Donor Restrictions	43,676,816	47,696,574	53,752,216	58,376,331	57,918,566	59,615,731
Total Liabilities and Net Assets	91,825,119	97,763,912	146,002,448	144,181,809	173,936,883	157,442,070

[1] Represents financial position of the Lessee.

Sources: The Lessee; Audited Financial Reports for Fiscal Years 2020-21 through 2024-25, unaudited results for fiscal year 2025-26.

Management Discussion & Analysis – Lessee – Statement of Financial Position. From 2020-21 to 2024-25 the Lessee has increased Cash and Cash Equivalents by $19.6M (85.8%). During the same period, Total

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Assets have grown by $82.1M (89.4%) while Total Liabilities have grown by $67.8M (140%), resulting in an increase in Net Assets Without Donor Restrictions of $14.2M (32.6%).

Central Office Expenses

The following table sets forth the Central Office expenses allocable to each School as of June 30 of the years 2021 through 2025.

TABLE 21
CENTRAL OFFICE EXPENSES
2020-21 through 2024-25
The Lessee

	2020-21	*2021-22*	*2022-23*	*2023-24*	*2024-25*
MSA-1	$877,985	$1,115,756	$1,349,943	$1,106,231	$1,106,231
MSA-2	795,674	989,917	1,349,943	1,106,231	1,106,231
MSA-3	877,985	775,955	970,272	795,103	495,103
MSA-4	37,648	20,388	194,054	172,849	172,849
MSA-5	478,071	203,881	253,114	207,418	207,418
MSA-6	37,648	20,388	278,426	172,849	172,849
MSA-7	438,993	353,998	253,114	553,115	253,115
MSA-8	877,985	775,955	970,272	795,103	795,103
MSA-SD	173,800	179,290	464,043	449,406	449,406
MSA-SA	795,674	1,062,147	717,157	1,106,231	553,116
Total	***5,391,463***	***5,497,675***	***6,800,338***	***6,464,536***	***5,311,421***

Sources: The Lessee; Audited Financial Reports for Fiscal Years 2020-21 through 2024-25.

COVID-19 Related Funding

As reflected in the foregoing tables, the Lessee has received a variety of grants and funding related to COVID-19 relief efforts. The Lessee has also received grant funds through the CARES Act Elementary and Secondary School Emergency Relief Fund (the "ESSER Fund"). The following table shows expenditures (actual and projected) of grants received through the ESSER Fund:

	2020-21	*2021-22*	*2022-23*	*2023-24*	*2024-25*
ESSER	$ 783,778	$ 328,355	$ --	$ --	$ --
ESSER II	18,609	4,129,389	638,325	--	--
ESSER III	--	4,601,553	4,164,957	2,523,531	319,399
Subtotal	802,387	9,059,297	4,803,282	2,523,531	319,399
Other COVID-19 funding	3,822,500	1,657,132	184,749	3,830	16,256
Total	4,624,887	10,716,429	4,988,031	2,527,361	335,655

Source: The Lessee; Audited Financial Reports for Fiscal Years 2020-21 through 2023-24.

Financial Statements

The audited financial statements of the Lessee for the fiscal year ended June 30, 2025 (the "2024-25 Audit") are set forth in "APPENDIX B – AUDITED FINANCIAL STATEMENTS OF LESSEE FOR THE FISCAL YEAR ENDED JUNE 30, 2025" attached to this Limited Offering Memorandum.

Eide Bailly LLP, the Lessee's auditor for the fiscal year ending June 30, 2025, has not been engaged to perform and has not performed, since the dates of the 2024-25 Audit, any procedures on the financial statements

addressed in the 2024-25 Audit. Eide Bailly LLP also has not performed any procedures relating to this Limited Offering Memorandum.

Eide Bailly LLP is serving as the Lessee's auditor for the fiscal year ended June 30, 2026. Pursuant to the Continuing Disclosure Agreement (as defined in the forepart of this Limited Offering Memorandum), the Lessee will covenant to provide the audited financial statements of the Lessee and the Magnolia Schools to the EMMA website once they are finalized and available.

Retirement Systems

The Lessee participates in the California State Teachers Retirement System (STRS) and the California Public Employees Retirement System (PERS).

The information set forth below regarding the STRS and PERS programs, other than the information provided by MERF regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the MERF or the Underwriter

STRS. All full-time certificated employees, as well as certain classified employees, are members of the California State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. Previously, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program increased significantly prior to the implementation of AB 1469 (defined below). In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

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Pursuant to the Reform Act (defined below), the contribution rates for members ("PEPRA Members") hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees ("Classic Members") hired before the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2021, the contribution rate was 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2022, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2023, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2024, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2025, the contribution rate will be 10.250% for Classic Members and 10.205% for PEPRA Members.

Pursuant to AB 1469, K-14 school districts' contribution rate increased over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of $1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment was reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected $2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate was 16.15% in

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fiscal year 2020-21 and 16.92% in fiscal year 2021-22. The employer contribution rate was 19.1% in fiscal year 2022-23, 19.1% in fiscal year 2023-24, 19.1% in fiscal year 2024-25 and will be 19.1% in fiscal year 2025-26.

MERF's contributions to STRS were $3,480,813 in fiscal year 2021-22, $4,146,658 in fiscal year 2022-23, $4,466,557 in fiscal year 2023-24 and $4,775,264 in fiscal year 2024-25. MERF has budgeted $5,216,015 for its contribution to STRS for fiscal year 2025-26.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2024-25 and 8.328% for fiscal year 2025-26. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. However, the maximum increase or decrease in a given year is limited to 0.5% of payroll under the STRS valuation policy. Once the State has eliminated its share of the STRS' unfunded actuarial obligation, the State contribution will be immediately reduced to the base contribution rate of 2.017% of payroll.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the California Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2024 included 1,600 public agencies and 1,336 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. Pursuant to SB 90, the State Legislature appropriated $904 million to the Schools Pool, including transfers in fiscal years 2019-20 and 2020-21 to the Public Employees Retirement Fund to pay, in advance on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years, as well as additional amounts to be applied toward certain unfunded liabilities for K-14 school district employers. In June 2020, SB 90 was amended by Assembly Bill 84/Senate Bill 111 ("AB 84"). Under AB 84, $144 million of the State contribution under SB 90 was deemed to satisfy a portion of the State's required contribution in fiscal year 2019-20, and the amounts previously allocated toward future liabilities were redirected such that, $430 million will satisfy a portion of the employer contribution rate in fiscal year 2020-21, and $330 million will satisfy a portion of the employer contribution rate in fiscal year 2021-22. As a result of the payments made by the State pursuant to SB 90, as amended by AB 84, the employer contribution rate was 19.721% for fiscal year 2019-20, 20.7% in fiscal year 2020-21, and 22.91% for fiscal year 2021-22. The employer contribution rate was 25.37% in fiscal year 2022-23, 26.68% in fiscal year 2023-24, 27.05% in fiscal year 2024-25, and will be 26.81% in fiscal year 2025-26. Classic Members contribute at a rate established by statute, which is 7% in fiscal year 2023-24, 7% in fiscal year 2024-25 and 7% in fiscal year 2025-26, while PEPRA Members contribute at an actuarially determined rate, which was 8% in both fiscal years 2023-24 and 2024-25. For the Schools Pool Actuarial Valuation as of June 30, 2024 (the "2024 PERS Actuarial Valuation"), the total normal cost did not change by more than 1%

relative to the basis currently in effect, therefore the PEPRA Member contribution rate will remain 8% in fiscal year 2025-26. See "—California Public Employees' Pension Reform Act of 2013" herein.

MERF's contributions to PERS were $1,145,131 in fiscal year 2021-22, $1,571,974 in fiscal year 2022-23 and $1,809,191 in fiscal year 2023-24 and $2,013,788 in 2024-25. MERF has budgeted $1,723,626 for its contribution to PERS for fiscal year 2025-26.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions) [1]
Fiscal Years 2012-13 through 2023-24

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[2]	Unfunded Liability (MVA)[2]	Value of Trust Assets (AVA)[3]	Unfunded Liability (AVA)[3]
2012-13	$222,281	$157,176	$74,374	$148,614	$73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703
2019-20	322,127	233,253	107,999	216,252	105,875
2020-21	332,082	292,980	60,136	242,363	89,719
2021-22	346,089	283,340	85,803	257,537	88,552
2022-23	359,741	299,148	85,571	273,155	86,586
2023-24	380,507	321,910	85,532	291,838	88,669

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)[3]	Unfunded Liability (AVA)[3]
2012-13	$61,487	$49,482	$12,005	$56,250	$5,237
2013-14	65,600	56,838	8,761	--[4]	--[4]
2014-15	73,325	56,814	16,511	--[4]	--[4]
2015-16	77,544	55,785	21,759	--[4]	--[4]
2016-17	84,416	60,865	23,551	--[4]	--[4]
2017-18	92,071	64,846	27,225	--[4]	--[4]
2018-19[5]	99,528	68,177	31,351	--[4]	--[4]
2019-20[6]	104,062	71,400	32,662	--[4]	--[4]
2020-21	110,507	86,519	23,988	--[4]	--[4]
2021-22	116,982	79,386	37,596	--[4]	--[4]
2022-23	124,924	84,292	40,632	--[4]	--[4]
2023-24[7]	133,978	93,187	40,791	--[4]	--[4]

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
(5) For the fiscal year 2020-21 actuarially determined contribution, the additional $430 million State contribution made pursuant to AB 84 did not directly impact the actuarially determined contribution as it was not yet in the Schools Pool by the June 30, 2019 actuarial valuation date. The additional State contribution was treated as an advance payment toward the unfunded accrued liability contribution with required employer contribution rate correspondingly reduced.
(6) For the fiscal year 2021-22 actuarially required contribution, the impact of the additional $330 million State contribution made pursuant to AB 84 is directly reflected in the actuarially determined contribution, because the additional payment was in the Schools Pool as of the June 30, 2020 actuarial valuation date, which served to reduce the required employer contribution rate by 2.16% of payroll.
(7) On April 14, 2025, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2025-26 and released certain actuarial information to be incorporated into the 2024 PERS Actuarial Valuation to be released in the latter half of 2025.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

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The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015) (the "2017 Experience Analysis"), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation, and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2007, through June 30, 2022) (the "2024 Experience Analysis"), on January 10, 2024, the STRS Board adopted a new set of actuarial assumptions that will be first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2023. The payroll growth assumption was decreased to 3.25% from 3.50% due to the projected need for fewer teachers due to projected declining enrollment in the State over the next 20 years, while the following actuarial assumptions remained unchanged since the CalSTRS Experience Analysis (spanning July 1, 2015 through July 1, 2018) (the "2020 Experience Analysis"): long-term investment return (7.0%), (ii) price inflation (2.75%), and (iii) wage growth (3.50%). Certain demographic assumptions were also updated, including changing the assumed life expectancy of STRS retirees to more closely reflect recent trends. The 2024 STRS Actuarial Valuation (defined below) continues using the Entry Age Normal Actuarial Cost Method.

The STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2024 (the "2024 STRS Actuarial Valuation") reports that, based on an actuarial value of assets, the unfunded actuarial obligation increased by approximately $2.1 billion since the 2023 STRS Actuarial Valuation and the funded ratio increased by 0.8% to 76.7% over such time period. This increase in unfunded actuarial obligation was primarily due to salary increases that exceeded those assumed in the valuation, which resulted in a larger-than expected increase in the actuarial obligation. The funded ratio continued to increase primarily due to the required contributions made by employers and the State in fiscal year 2023-24 to eliminate their share of the unfunded actuarial obligation by 2046. The STRS Board has no authority to adjust rates to pay down the portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990 (the "Unallocated UAO"). There was a decrease in the surplus (a negative unfunded actuarial obligation) for the Unallocated UAO from $356 million as of June 30, 2023 to $140 million as of June 30, 2024.

According to the 2024 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2043 of 100.7%. This finding assumes adjustments to contribution rates in line with the funding plan and STRS Board policies, the future recognition of the currently deferred asset gains, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

On November 13, 2025, STRS released its 2025 Review of Funding Levels and Risks (the "STRS 2025 Review of Funding Levels and Risks"), which is based on the 2024 STRS Actuarial Valuation. The STRS 2025 Review of Funding Levels and Risks notes that funding projections have improved slightly since the completion of the June 30, 2023 actuarial valuation that was presented to the STRS Board in May 2025 in part due to the investment return earned by STRS in fiscal year 2024-25. Full funding is now projected to occur in 2043, three years ahead of schedule.

The key results and findings noted in the STRS 2024 Review of Funding Levels and Risks were that (i) current contribution rates for the State and employers are still projected to be sufficient to allow both the state and employers to eliminate their share of the STRS unfunded actuarial obligation by 2046 and contribution rate increases are not expected to be needed for fiscal year 2026–27, (ii) the state remains well ahead of schedule to

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eliminate its share of the STRS unfunded actuarial obligation (currently projected to be eliminated in 2027) and the State's share of the unfunded actuarial obligation could quickly increase if STRS were to experience a year in which the investment return is significantly below the assumed rate of return, (iii) the largest risk facing STRS' ability to reach full funding remains investment-related risk, especially considering the STRS Defined Benefit Program continues to mature, which will increase the system's sensitivity to investment experience, (iv) the risk that a negative investment return might impact STRS' ability to reach full funding is expected to increase once the state fully eliminates its share of STRS' unfunded actuarial obligation because of a trigger that will require the state contribution rate to immediately drop to 2.017%, potentially limiting STRS' ability to react to changing conditions because, once this occurs, the STRS Board would only be able to raise the State contribution rate by 0.5% each year, taking 12 years to simply return to the State contribution rate in place in the prior fiscal year, potentially resulting in a situation where the State can no longer eliminate its share of the unfunded liability by 2046, and (v) STRS' ability to reach full funding is dependent on meeting its current actuarial assumptions over the long term and uncertain investment markets and a potential decline in the number of teachers could put pressure on STRS' ability to meet some of its long-term actuarial assumptions and impact its ability to reach full funding.

The STRS 2025 Review of Funding Levels and Risks notes highlighted risks associated with longevity, the size of active membership and investments. STRS performs an in-depth study of mortality every four years as part of the experience analysis. The most recent analysis was completed in January 2024, at which time the STRS Board adopted new mortality assumptions. The STRS 2025 review of Funding Levels and Risks notes that, overall, STRS experienced greater mortality than projected under the previous assumptions. The analysis included data that was impacted by the COVID-19 pandemic, and it remains uncertain whether the COVID-19 virus will continue to impact mortality levels over the long term. The STRS Board adopted mortality rates that were slightly lower than what the data indicated, essentially not fully reflecting the impact of the pandemic. Regardless, the assumptions adopted did result in a slight decrease in life expectancy compared with the previous assumptions. To mitigate longevity risk, STRS uses a technique known as generational mortality. This technique anticipates future improvements in life expectancy in the funding of the system, recognizing potential improvements in mortality ahead of time.

In January 2024, the STRS Board adopted a change to the rate at which the payroll is assumed to increase, from 3.5% per year down to 3.25% per year. With this change, STRS now assumes that the population of active teachers will decline slowly over time. This assumption is key in determining contribution rates and whether the funding plan will successfully eliminate the current unfunded actuarial obligation by 2046 since STRS collects contributions as a percentage of payroll. If the active membership declines faster than anticipated and the payroll fails to grow as assumed, STRS' ability to make progress toward full funding could be at risk. Retirements from active teachers are expected to increase significantly over the next 10 years. Although an increase in retirements does not necessarily impact long-term funding, if schools do not replace the teachers who retire in the future, that could result in a reduction in the overall number of teachers and impact STRS' ability to reach full funding by 2046. With the anticipated decline in the number of children enrolled in K–12 public schools, the risk that the number of teachers may go down in the future is real and was one of the considerations when the STRS Board lowered the payroll growth assumption in January 2024.

After being fairly steady between 2010 and 2020, California experienced a significant decline in enrollment in both K–12 public schools and community colleges starting in 2020–21. Total enrollment in K–12 public schools in California dropped by approximately 310,000, or a 5% reduction, between 2019–20 and 2022–23. At the same time, the number of students enrolled at community colleges dropped by 310,000, or a 20% reduction, between the fall of 2019 and the fall of 2021. Since then, enrollment has rebounded by almost 200,000 from the fall of 2021 to the fall of 2024. Still, enrollment in community colleges is down more than 7%, or about 115,000, since 2019. In November 2024, the State updated its projection of K–12 enrollments. The updated projection assumes the number of children enrolled in K–12 public schools will continue to decline for the next 20 years. The most recent projection anticipates a decline of approximately 10% over the next 10 years and approximately 16% over the next 20 years. If the anticipated reduction in enrollment results in a need for fewer teachers in California, it would impact the number of active teachers who participate in the STRS Defined

Benefit Program and ultimately the growth in payroll. The situation could intensify if school districts were to face budget issues and rely either on layoffs or hiring freezes, leaving positions vacant as teachers leave or retire to reduce budget pressure. One countervailing force that could potentially offset some of the factors listed above would be reductions in class sizes.

The STRS 2025 Review of Funding Levels and Risks notes that investment volatility and the risk that STRS may not be able to meet its assumed investment return over the long-term remains the greatest risk facing STRS today. The combination of a maturing system and the decreasing timeframe of the funding plan only serves to increase this risk. STRS 2024 Review of Funding Levels and Risks notes that (i) when investment returns are below expectations, the unfunded actuarial obligation increases, requiring additional contributions to bridge the gap; however, the funding plan provides the STRS Board limited authority to increase contribution rates for both the state and employers through 2046 for this purpose; (ii) the State bears the greatest risk when it comes to investment volatility due to rules set in the funding plan that allocate the largest share of the assets to the State which results in its share of the unfunded actuarial obligation being the most sensitive to investment volatility; (iii) the specific restrictions the funding plan places on contribution rate increases for both the State and employers limit STRS' ability to respond to investment volatility, and (iv) since the funding plan expires in 2046, after which the STRS Board's authority to adjust contribution rates terminates, the time period over which to fund an existing and new unfunded actuarial obligation is declining each year.

On July 30, 2025, STRS reported a net return on investments of 8.5% for fiscal year 2024-25, ending with the total fund value of $367.7 billion as of June 30, 2025. The 2024-25 return keeps STRS on track long term, as the 5-,10-, 20-, and 30-year returns, including the 9.4% 5-year return, all surpass the actuarial assumption of 7.0%, despite inflation, rising interest rates and geopolitical uncertainty. In its news release reporting the fiscal year 2024-25 investment return, STRS noted that it is ahead of schedule in reaching full funding by 2046.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points (revised to two percentage points in 2017). On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. The PERS Funding Risk Mitigation Policy recently triggered an automatic decrease of 0.2% in the PERS Discount Rate due to the investment return in fiscal year 2020-21, lowering such rate to 6.8%. On April 15, 2024, the PERS Board removed the automatic mechanism to reduce the discount rate and added a provision to the Funding Risk Mitigation Policy to bring an agenda item to the PERS Board for discussion if a funding risk mitigation event occurs.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies included a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial

valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on November 17, 2021 (the "2021 Experience Study"), the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.30% per year, (ii) increasing the assumed real wage inflation assumption to 0.5%, which results in a total wage inflation of 2.80%, (iii) increasing the payroll growth rate to 2.80%, and (iv) certain changes to demographic assumptions relating to modifications to the mortality rates, retirement rates, and disability rates (both work and non-work related), and rates of salary increases due to seniority and promotion. These actuarial assumptions were incorporated into the actuarial valuation for fiscal year ending June 30, 2021 and first impacted contribution rates for school districts in fiscal year 2022-23. Based on the timing of the study, the member data used in the analysis, which runs through June 30, 2019, does not include the impacts of COVID-19. Preliminary analysis of the system experience since the beginning of the pandemic has shown demographic experience (e.g. retirements, deaths, etc.) did differ from the current actuarial assumptions in some areas, which will be more precisely quantified in future actuarial valuations.

On November 15, 2021, the PERS Board selected a new asset allocation mix through its periodic Asset Liability Management Study that will guide the fund's investment portfolio for the next four years, retained the current 6.8% discount rate and approved adding 5% leverage to increase diversification. The new asset allocation took effect July 1, 2022 and impacted contribution rates for employers and PEPRA employees beginning in fiscal year 2022-23.

In November 2024, PERS released its 2024 Annual Review of Funding Levels and Risk (the "2024 PERS Funding Levels and Risk Report"), which provided a summary of the current funding levels of the system, the near-term outlook for required contributions and risks faced by the system in the near and long-term. The 2024 PERS Funding Levels and Risk Report notes that over the next several years there is the potential for various factors to either further increase required contributions or add additional financial strain on employers and their ability to make required contributions, including inflation and near-term economic turmoil. The 2024 PERS Funding Levels and Risk Report notes that over the last few years, price inflation has been significantly higher than the PERS long-term assumption of 2.3%, which can affect liability measures and investment returns in several ways and which can be difficult to quantify. The most direct impact of high inflation is that retirees can receive higher than expected cost-of-living adjustments and active employees can receive higher than

expected salary increases, which could increase actuarial losses in the future. The 2024 PERS Funding Levels and Risk report concludes that, as of June 30, 2023, the PERS Retirement System had experienced a couple of years of investment returns below the expected return of 6.8%, and actuarial losses primarily due to high inflation which resulted in unexpected cost of living adjustments for retires and higher than expected member pay increases, which resulted in increased employer contributions along with further increases forecasted for the near future. Despite the strong investment return for the fiscal year ending June 30, 2024, the 2024 PERS Funding Levels and Risk Report notes that employer contributions are currently at relatively high levels due to large amounts of unfunded accrued liability and uncertainty within the economy suggests possible economic turmoil in the near future. The 2024 PERS Funding Levels and Risk Report concludes that the ability of employers to continue making required contributions to the system is the area of greatest concern.

On April 14, 2025, the PERS Board established the employer contribution rates for fiscal year 2025-26 and released information from the 2024 PERS Actuarial Valuation, ahead of its release date in the latter half of 2025. From June 30, 2023 to June 30, 2024, the funded status of the Schools Pool increased by 2.1% (from 67.5% to 69.6%) and the unfunded accrued liability increased by approximately $0.2 billion. The chief drivers of improvement were incoming contributions and investment return greater than expected, which were partially offset by greater-than-expected salary increases. Based on the June 30, 2024 assets as described in PERS Annual Comprehensive Financial Report, the money weighted investment return for fiscal year 2023-24 was 9.5%, generating an actuarial investment gain of $2.2 billion, which will be amortized over 20 years with a five-year ramp, decreasing the employer contribution rate in fiscal year 2025-26 by 0.23% of pay. Due to the 5-year ramp, this impact will escalate each year until it reaches an estimated reduction of 1.05% of pay in fiscal year 2029-30. Non-investment experience during fiscal year 2023-24, which includes both demographic experience and economic experience other than from investments, produced an actuarial loss of $2.8 billion, which will be amortized over 20 years, increasing the employer contribution rate by 1.12% in fiscal year 2025-26. Combined with a 0.21% decrease of the employer normal cost rate, the net effect of non-investment experience is an increase of 0.91% in the employer rate. The most significant source of non-investment experience was salary increase for active members, which generated an actuarial experience loss. The average salary increase was 9.7% for members actively employed during the entire year ending June 30, 2024. Total payroll in fiscal year 2023-24 increased by 12.6% over the prior year, compared with 2.8% expected. This change, driven by a combination of active headcount growth and salary increases, served to reduce the employer contribution rate for fiscal year 2025-26 by 1.58% of pay as the dollar amount of the unfunded liability contribution is divided by a larger payroll number.

Assuming all actuarial assumptions are realized, including an assumed investment return of 6.80%, and no changes to assumptions, methods or benefits will occur during the projection period, along with the expected reductions in normal cost due to the continuing transition of active members from Classic Members to PEPRA Members, the projected contribution rate for fiscal year 2026-27 is 26.9%, 27.8% in fiscal year 2027-28, 27.4% in fiscal year 2028-29, 27.0% in fiscal year 2029-30, and 26.2% in fiscal year 2030-31. The actual investment return for fiscal year 2024-25 was not known at the time these projections were made. The projections above assume the investment return for that year will be 6.8%. If the actual investment return differs from 6.80%, the actual contribution requirements for the projected years will differ from those shown above.

On July 14, 2025, PERS reported a preliminary net return on investment of 11.6% for PERF for the 12-month period ending June 30, 2025, bringing the PERF total assets under management to approximately $556.2 billion. Preliminary total fund annualized returns for the five-year period ending June 30, 2025, stood at 8%; the 10-year period at 7.1%; the 20-year period at 6.7%; and the 30-year period at 7.6%. The ending value of the PERF for fiscal year 2024-25 will be based on additional factors beyond investment returns, including employer and employee contributions, monthly payments to retirees, and various investment fees. PERS will review the portfolio's performance in the subsequent few months to determine the final fiscal year returns for 2024-25. Once finalized, the fiscal year-end market value of PERS' assets is used to set contribution rates for the State and school districts in the 2026-27 fiscal year.

MERF can make no representations regarding the future program liabilities of STRS, or whether MERF will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. MERF can also provide no assurances that MERF's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For PEPRA Members, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (previously, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on MERF is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including MERF, took effect for the fiscal year beginning July 1, 2014.

Facility Leases and Use Agreements

The Lessee leases various facilities for its operations. See "THE PROJECT" in the forepart of this Limited Offering Memorandum. The Magnolia Schools operate at their respective sites pursuant to the property interests listed below.

TABLE 22
SUMMARY OF FACILITY LEASES AND USE AGREEMENTS
Magnolia Schools

School Name	*Type*	*Term Expiration Date*	*Lessor*
MSA-1	Privately owned (subject to the Mortgage)[1][2]	n/a	MPM Sherman Way[2]
MSA-2[3]	In-lieu of Prop 39	6/30/2026	LAUSD
MSA-3	In-lieu of Prop 39	6/30/2026	LAUSD
MSA-4	Prop 39	6/30/2026	LAUSD
MSA-5[4]	See MSA-1 above	n/a	MPM Sherman Way[2]
MSA-6	Prop 39	6/30/2026	LAUSD
MSA-7[5]	Private church lease	7/31/2027	First Lutheran Church of Northridge
MSA-8	Prop 39	6/30/2028	LAUSD
MSA-SD	Ground Use License with SDUSD (subject to Security Agreement)[1][6]	6/30/2030	SDUSD
MSA-SA	Privately owned[7]	n/a	n/a
MSA-OC	Privately owned	n/a	MPM 412 Carl Karcher Way LLC
	In-lieu of Prop 39	6/30/2027	Placentia-Yorba Linda Unified School District

[1] Subject to the Mortgage of the Series 2025 Bonds.
[2] MPM Sherman Way is the owner of the MSA-1 Facilities. MPM Sherman Way leases the MSA-1 Facilities to MERF for the operations of MSA-1.
[3] MSA-2 may relocate by fall of 2027. See "OPERATING AND FINANCIAL INFORMATION – Future Projects" herein.
[4] MSA-5 is currently co-located at the site for MSA-1. MSA-5 is expected to operate at the MSA-5 Facility after its completion.
[5] MSA-7 may relocate by fall of 2027. See "OPERATING AND FINANCIAL INFORMATION – Future Projects" herein.
[6] MERF uses the MSA-SD site pursuant to a Ground Use License between SDUSD and MERF. MPM San Diego leases the MSA-SD Facilities to MERF for the operation of MSA-SD.
[7] MERF owns the MSA-SA Facilities and operates MSA-SA at the MSA-SA Facilities.
Source: The Lessee.

MERF occupies the MSA-4, MSA-6 and MSA-8 sites pursuant to Prop 39 agreements and the MSA-2, MSA-3 and one of the MSA-OC sites pursuant to an In-lieu of Prop 39 Agreements.

MERF occupies the MSA-7 site pursuant to a Standard Industrial/Commercial Single-Tenant Lease – Gross between First Lutheran Church of Northridge and MSA-7, dated as of December 1, 2011 (the "MSA-7 Lease"). The MSA-7 Lease has been subject to addendums and extensions, most recently in 2022. The MSA-7 Lease expires on July 31, 2027.

MERF occupies the MSA-SD site pursuant to a Ground Use License by and between SDUSD and MERF, dated as of November 16, 2016, as amended by the First Amendment to Ground Use License by and between SDUSD and MERF, dated as of July 1, 2020 and the Second Amendment to Ground Use License by and between SDUSD and MERF, dated as of July 1, 2025 (the "License"). The license permits MERF to operate MSA-SD in portable facilities at 6525 Estrella Avenue, San Diego, California. The License expires on June 30, 2030, but if MSA-SD's charter is extended or renewed, the License, if requested by MERF and approved by SDUSD, will be extended for the period of time for which the charter was extended or renewed.

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Outstanding Debt

The following obligations of MERF and its affiliates are outstanding:

TABLE 23
SUMMARY OF OUTSTANDING INDEBTEDESS

School	*Borrower*	*Lender*	*Amount Outstanding*[(1)]	*Terms*	*Security*	*Purpose*
MSA-1; MSA-SD; MSA-SA	The Borrower	The Authority	$27,960,000	Rate: 4.25%-6.00% Final Maturity: July 1, 2055	Gross Revenues of the Obligated Group; Mortgage on MSA-1 Facilities	Refinance prior debt.
MSA-5	The Borrower	The Authority	$29,500,000	Rate: 4.40% Maturity: December 1, 2026	CSFP Award Revenues	Construction and improvement of MSA-5.
MSA-SA	MERF	The State	$6,825,645	Rate: 3.00% Maturity: September 1, 2046	1st lien on the MSA-SA Facility; state intercept on MSA-SA revenues	Loan portion of CCSFP award to finance the acquisition and construction of the MSA-SA Facility
MSA-5	MERF	The State	n/a[(2)]	Rate: TBD[(2)] Maturity: TBD[(2)]	1st lien on the future MSA-5 facility; state intercept on MSA-5 revenues	Loan portion of CCSFP award to finance the acquisition and construction of the MSA-5 facility
MSA-SD	MERF	The State	$93,848	Rate: 2.00% Maturity: November 1, 2052	State intercept on MSA-SD revenues	Repayment of Loan Portion of CCSFP award designated for a project at MSA-SD that was abandoned by MERF in February 2016
MSA-2	MPM 16600 Vanowen Street LLC	CLI Capital	$12,000,000	Rate: Prime + 1.50% Maturity: February 1, 2028	1st lien mortgage on 16600 Vanowen Street, Van Nuys, California and assignment of all rents, leases and contracts concerning the property.	Acquisition financing for the future MSA-2 facility
MSA-7	MSA-7	CLI Capital	$7,825,000	Rate: Prime + 1.50% Maturity: March 1, 2027	1st lien mortgage on 18120 Sherman Way, Reseda, California; the rents of the property, revenues generated by the operation of the property; and $2,000,000 held in a reserve account.	Acquisition financing for the future MSA-7 facility
MSA-OC	MPM Carl Karcher Way LLC	Anaheim Facilities LLC	$2,000,000[(3)]	Rate: TBD[(3)] Maturity: TBD[(3)]	Deed of Trust with assignment of rents encumbering 412 Carl Karcher Way, Anaheim, California	Seller financing for the future MSA-OC facility

(1) As of January 1, 2026.
(2) The MSA-5 CCSFP loan is not yet outstanding, but is expecting to be outstanding upon completion of the future MSA-5 facility and receipt of the CCSFP final apportionment. The loan amount is expected to be $25,416,166.
(3) The MSA-OC seller financing is not yet outstanding, but is expected to be outstanding prior to the start of the 2025-26 school year.
Source: The Lessee.

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- On April 4, 2025, the Authority issued its Charter School Grant Anticipation Notes (Magnolia Public Schools) Series 2025 (the "Grant Anticipation Notes"), in the principal amount of $29,500,000 pursuant to that certain Indenture, dated as of April 1, 2025, by and between the Authority and UMB Bank, National Association, as trustee. The proceeds of the sale of the Grant Anticipation Notes were loaned to the Borrower pursuant to that certain Loan Agreement, dated as of April 1, 2025, by and between the Authority and the Borrower pursuant to a loan agreement, dated as of April 1, 2025 in order to finance a portion of the costs of construction of a facility to be owned by MERF and used for the operation of MSA-5. The Grant Anticipation Notes are secured by CSFP Award Revenues. The Grant Anticipation Notes were outstanding in the principal amount of $29,500,000 as of January 1, 2026.

- The Authority issued its Charter School Revenue Refunding Bonds (Magnolia Public Schools – Obligated Group), Series 2025A and Series 2025B (Taxable) (collectively, the "Series 2025 Bonds") in the aggregate principal amount of $27,960,000 on April 17, 2025. Proceeds of the Series 2025 Bonds were loaned to the Borrower in order to refinance certain prior indebtedness of the Borrower. The Series 2025 Bonds were issued by the Authority pursuant to an Indenture, dated as of April 1, 2025, by and between the Authority and UMB Bank, National Association, as trustee. The Authority loaned the proceeds of the Series 2025 Bonds to the Borrower pursuant to a Loan Agreement, dated as of April 1, 2025, by and between the Authority and the Borrower. The Series 2025 Bonds are secured by a Mortgage on the MSA-1 Facilities and are payable from Gross Revenues of the Obligated Group. The Series 2025 Bonds were outstanding in the principal amount of $27,960,000 as of January 1, 2026.

- MSA-SA was approved by the State of California's Charter School Facilities Program ("CCSFP") for $17,413,956 for constructing a new facility. The State funded 100% of the total amount of $17,413,956; the State funded 50% of the total project cost through a loan in the amount of $8,706,990 and the other 50% through a grant in the amount of $8,706,978. The loan is secured by a lien on the MSA-SA Facilities and a state intercept on MSA-SA's revenues. See "CERTAIN RISK FACTORS – Charter School Facilities Program Intercepts" in the forepart of this Limited Offering Memorandum. The loan has an annual interest rate of 3.00% and matures on September 1, 2046. The remaining balance of the loan as of January 1, 2026 was $6,825,645.

- Of the total apportionment received in respect of the Project under the State's Charter School Facility Program, fund 50% will be in the form of a grant and the remaining 50% will be in the form of a loan. See " – Charter School Facilities Program" in Appendix E hereto. The loan, expected to be in the approximate amount of $25.15 million, will be secured by a lien on the MSA-5 Facilities and a state intercept on MSA-5's revenues. See "CERTAIN RISK FACTORS – Charter School Facilities Program Intercepts" in the forepart of this Limited Offering Memorandum. The loan matures 30 years after the completion of the project. MERF has received approximately $13,832,733 as an Advance Apportionment.

- A CCSFP note payable outstanding, as of January 1, 2026, in the principal amount of $93,848, due in annual installments of $4,420 principal and interest at 2%, secured by the intercept on MSA-SD revenues and maturing November 1, 2052. The project this note financed was abandoned by MERF in February 2016, due to the land that was going to be the site of the financed improvement was sold by SDUSD to a third party. The majority of proceeds expended were for design services.

- Note payable to CLI Capital ("CLI") by MPM 16600 Vanowen Street LLC, outstanding, as of January 1, 2026, in the principal amount of $12,000,000, bearing interest at the Prime Rate plus 1.50% per annum, maturing February 1, 2028, secured by property located at 16600 Vanowen Street, Van Nuys, California and assignment of all rents, leases and contracts concerning the property (the "16600 Note").

- Note payable outstanding, as of January 1, 2026, in the principal amount of $7,825,000, bearing interest at the Prime Rate plus 1.50% per annum, maturing on March 1, 2027, upon satisfaction of certain conditions. This Note is secured by property at 18120 Sherman Way, Reseda, California, the rents of the property, revenues generated by the operation of the property, and $2,000,000 held in a reserve account. The Note is cross-defaulted to the 16600 Note.

Future Projects

In addition to the Project, MERF and it's affiliates have the following projects in process.

MSA-2. MSA-2 currently operates at a district facility located at 17125 Victory Boulevard in Van Nuys, for $424,332/year. MSA-2 may relocate to a private facility located at 16600 Vanowen Street. MPM 16600 Vanowen Street LLC has obtained a $12 million acquisition loan from CLI to purchase the Vanowen Street property. The total development costs (including acquisition, predevelopment, and construction costs) are expected to be about $31 million. MERF is in the process of analyzing the feasibility of the project and has not made a final decision on whether or not to continue to develop the project, or to abandon the project and dispose of the acquired land. All enrollment projections herein do not assume the completion of the project, and the financial projections do not include any assumptions for future debt to finance this project.

MSA-7. MSA-7 currently operates at a leased church facility located at 18355 Roscoe Boulevard in Los Angeles, for $360,413/year. MSA-7 may relocate to a private facility located at 18120 Sherman Way in Reseda. MERF has obtained a $7.8 million acquisition loan from CLI to purchase the Sherman Way property. MERF and the Borrower may issue future debt secured under the Master Indenture to refinance the acquisition loan. The total development cost (including acquisition, soft costs and construction costs) is expected to be between $19 million and $20 million. MERF is in the process of analyzing the feasibility of the project and has not made a final decision on whether or not to continue to develop the project, or to abandon the project and dispose of the acquired land. All enrollment projections herein do not assume the completion of the project, and the financial projections do not include any assumptions for future debt to finance this project.

SB 740

The Lessee is currently eligible to receive funding under the California law referred to herein as SB 740, which provides for reimbursement of facilities lease costs of 75% of the actual lease cost to the extent funded by the State up to a limit of $1,421 per unit of classroom based ADA for the 2023-24 school year. This per-ADA amount may increase in future years based on cost of living adjustments. See "STATE FUNDING OF EDUCATION – Allocation of State Funding to Charter Schools – Charter School Facility Grant Program Funding" in the forepart of this Limited Offering Memorandum. To be eligible for SB 740 reimbursement, a charter school must serve a student population with at least 55% of its student population eligible for free or reduced lunch, or be located in a public elementary school attendance area with such composition.

As of the 2025-26 school year, the percentage of the Network's student populations eligible for free or reduced lunch is 65.2%. "MAGNOLIA SCHOOLS – Admissions, Enrollment, Attendance, Demographics and Student Retention" herein.

The Lessee was awarded $1,162,093 in SB 740 funding for the 2022-23 fiscal year and $1,288,355 in SB 740 funding for the 2023-24 fiscal year and $1,629,217 in SB 740 funding for the 2024-25 fiscal year. The Lessee has budgeted to receive $1,691,782 in SB 740 funding for the 2025-26 fiscal year.

There can be no assurance that any particular level of SB 740 funding will be available in fiscal year 2025-26, or any future year, or that any Magnolia School will remain eligible for such funding. See "CERTAIN RISK FACTORS – Dependence on State Aid Payments that are Subject to Annual Appropriation and Political Factors," "– Specific Risks of Charter Schools – Charter School Law" and "– SB 740 Funding" in the forepart of this Limited Offering Memorandum.

Philanthropy

The Lessee has historically raised funding for its programs through donation solicitation and other philanthropic fundraising events. In the past, donations have been received from individuals, foundations and corporations. Some donations have been and may be in the future restricted by the donor for use by the Lessee for certain programs. In fiscal year 2023-24, the Lessee received a total of approximately $285,284 and in fiscal year 2024-25, the Lessee received a total of approximately $246,125, in such contributions, none of which was restricted to specific programs run by the Lessee. See "CERTAIN RISK FACTORS – Risk of Noncontinued Philanthropy or Grants" in the forepart of this Limited Offering Memorandum.

No Material Litigation

No action, suit, proceeding or investigation at law or in equity, before or by any court, governmental agency or public board or body is pending or, to the knowledge of the Lessee or the Borrower, threatened, affecting the validity of the Leases or School Loan Agreements or the Bonds or contesting the corporate existence of the Borrower or the Lessee, or the authority of the Lessee to operate pursuant to its charters.

The Lessee is subject to lawsuits and claims in the ordinary course of its operations. In the opinion of the management of the Lessee, the aggregate amount of the uninsured liabilities for such lawsuits and claims will not materially affect the finances of the Lessee or its operation of the Magnolia Schools.

PROJECTIONS AND COVERAGE RATIOS

Notwithstanding the Lessee's history of performance with respect to its existing charter schools, future financial performance of MERF may not equal or exceed the projections set forth in this Limited Offering Memorandum. No assurance is given that such projections will be met, or that the number of students attending the Magnolia Schools may not diminish in the future. The projections of revenue and expenses for MERF contained in this Appendix A are based upon the number of students projected to be enrolled at Magnolia Schools and were prepared by the Lessee for the Borrower and have not been independently verified by any party other than the Lessee. See "MAGNOLIA SCHOOLS – Admissions, Enrollment, Attendance, Demographics and Student Retention" herein for information regarding current and projected enrollment of the Magnolia Schools.

No feasibility studies have been conducted with respect to operations of the Facilities pertinent to the Bonds. The projections are "forward-looking statements" and are subject to the general qualifications and limitations described herein. The Underwriter has not independently verified the Lessee's projections set forth in Appendix A or otherwise, and makes no representations nor gives any assurances that such projections, or the assumptions underlying them, are complete or correct. Further, the projections relate only to a limited number of fiscal years, and consequently do not cover the entire period that the Bonds will be outstanding.

THE LESSEE PREPARED THE PROJECTIONS BASED ON ASSUMPTIONS ABOUT FUTURE STATE FUNDING LEVELS AND FUTURE OPERATIONS OF MAGNOLIA SCHOOLS, INCLUDING STUDENT ENROLLMENT AND EXPENSES. THERE CAN BE NO ASSURANCE THAT ACTUAL ENROLLMENT REVENUES AND EXPENSES WILL BE CONSISTENT WITH THE ASSUMPTIONS UNDERLYING SUCH PROJECTIONS. MOREOVER, NO GUARANTEE CAN BE MADE THAT THE PROJECTIONS OF REVENUES AND EXPENSES INCLUDED HEREIN WILL CORRESPOND WITH THE RESULTS ACTUALLY ACHIEVED IN THE FUTURE BECAUSE THERE CAN BE NO ASSURANCE THAT ACTUAL EVENTS WILL CORRESPOND WITH THE PROJECTIONS' UNDERLYING ASSUMPTIONS. ACTUAL OPERATING RESULTS MAY BE AFFECTED BY MANY FACTORS, INCLUDING, BUT NOT LIMITED TO, INCREASED COSTS, LOWER THAN ANTICIPATED REVENUES (AS A RESULT OF INSUFFICIENT ENROLLMENT, REDUCED STATE OR FEDERAL AID PAYMENTS, OR OTHERWISE), EMPLOYEE RELATIONS, CHANGES IN TAXES, CHANGES IN APPLICABLE GOVERNMENT REGULATIONS, CHANGES IN DEMOGRAPHIC TRENDS, CHANGES IN EDUCATION COMPETITION AND CHANGES IN LOCAL OR GENERAL ECONOMIC CONDITIONS.

REFER TO "INTRODUCTION" IN THE FOREPART OF THIS LIMITED OFFERING MEMORANDUM FOR QUALIFICATION AND LIMITATIONS APPLICABLE TO FORWARD-LOOKING STATEMENTS.

Projected Consolidated Base Rent Coverage Ratio and Consolidated Days Cash on Hand

Table 24 sets forth the Projected Consolidated Base Rent Coverage Ratio and Consolidated Days Cash on Hand of Magnolia Schools and the non-charter school business activities of the Lessee for the fiscal years ending June 30, 2026 through June 30, 2030. See "CERTAIN RISK FACTORS" in the Limited Offering Memorandum.

Overview of Projection Assumptions

Enrollment Assumptions. The table below provides a summary of enrollment and average daily attendance assumptions.

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
ENROLLMENT ASSUMPTIONS						
Enrollment	4,093	4,186	4,282	4,491		
ADA	*3,852*	*3,940*	*4,030*	*4,281*		
ADA %	*94%*	*94%*	*94%*	*94%*		

LCFF Entitlement, Federal Revenue, Other State Revenue, and Local Revenue Assumptions. The table below provides a summary of LCFF, federal, other state, and local revenues assumptions. The projected figures provided in Table 24 represent a combination of both the growth rates shown below, as well as the projected increases to enrollment discussed above.

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
REVENUE ASSUMPTIONS						
Avg. LCFF/Student	$14,483	$14,968	$15,457	15,936		
LCFF Growth Rate	3.0%	3.4%	3.3%	3.3%		
Federal Rev Growth Rate	3.0%	3.4%	3.3%	3.3%		
Other State Revenue Growth Rate	3.0%	3.4%	3.3%	3.3%		
Local Revenue Growth Rate	3.0%	3.4%	3.3%	3.3%		

Staffing Assumptions. The table below provides a summary of staffing assumptions.

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
STAFFING ASSUMPTIONS						
Certified Teacher	221.0	221.0	225.0	232.0		
Admin	40.5	40.5	40.5	42.5		
Classified	184.0	183.0	184.0	193.0		
Part Time	34.0	33.0	33.0	35.0		
Total FTE	**479.5**	**477.5**	**482.5**	**502.5**		
Student/Certified Teacher	**14.7**	**14.7**	**14.5**	**14.0**		
Student/FTE	**7.8**	**7.8**	**7.8**	**7.5**		

Certified Salaries, Classified Salaries, and Benefits Assumptions. The table below provides a summary of salary and benefits assumptions. The projected figures provided in Table 24 represent a combination of both the growth rates shown below, as well as the projected increases to staffing levels discussed above.

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Salary Growth Rate	2.0%	2.0%	2.0%	2.0%		
Benefits Growth Rate	3.0%	3.4%	3.3%	3.3%		

Other Expense Assumptions. The following table provides the assumed expense inflation rate for non-personnel expenses. Some of these expenses are projected based on increases to enrollment plus the inflation rate, while others are projected based on direct costs plus the inflation rate.

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
OTHER EXPENSE ASSUMPTIONS						
Non-Personnel Inflation	1.0%	1.0%	1.0%	1.0%		

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TABLE 24
PROJECTED BASE RENT COVERAGE AND DAYS CASH ON HAND
2026-27 through 2031-32
The Lessee

MERF d/b/a Magnolia Public Schools	Projected 2026-27	Projected 2027-28	Projected 2028-29	Projected 2029-30	Projected 2030-31	Projected 2031-32
Enrollment						
Grades Served						
Enrollment						
ADA						
Revenue						
LCFF Entitlement						
Federal Revenue						
Other State Revenue						
Local Revenue						
Fundraising and Grants						
Total Revenue						
Expenses						
Certificated Salaries						
Classified Salaries						
Benefits						
Books and Supplies						
Services and Other Operating Expenses						
CMO Fee						
Rent & Debt Service[(1)]						
Depreciation						
Total Expenses						
Surplus						
Add Back: Depreciation						
Less: Restricted Grant Funding[(2)]						
Add Back: MTI Lease/Loan Payments (2025 Bonds)[(3)]						
Add Back: MTI Lease/Loan Payments (2026 Bonds)[(4)]						
Consolidated Net Program Operating Revenue After CMO Fee						
Consolidated Base Rent Coverage Ratio After CMO Fee						
Add Back: CMO Fee						
Consolidated Net Program Operating Revenue						
Consolidated Base Rent Coverage Ratio[(5)]						
Surplus						
Add Back: Depreciation						
Less: Restricted Grant Funding[(2)]						
Add Back: Total Rent & Debt Service						
Net Operating Income Available for All Facilities Payments						
All-In Lease-Adjusted Coverage Ratio						

(1) Represents debt service and lease payments. See "OPERATING AND FINANCIAL INFORMATION - Outstanding Debt" herein.
(2) Represents restricted grant funding. For fiscal year 2025-26, represents the revenue recognition of the MSA-5 CCSFP advance apportionment that was received previously.
(3) Represents base rent due under the Series 2025 Leases and loan payments under the Series 2025 School Loan Agreement.
(4) Represents loan payments under the Series 2026CD School Loan Agreement.
(5) Consolidated Base Rent Coverage Ratio is calculated annually. (See "THE LEASES AND SCHOOL LOAN AGREEMNTS – Certain Related Covenants – *Consolidated Base Rent Coverage Ratio Covenant*" in the forepart of this Limited Offering Memorandum.).

Source: The Lessee.

(Table and footnotes continue on following page)

TABLE 24
PROJECTED BASE RENT COVERAGE AND DAYS CASH ON HAND
2026-27 through 2031-32 (Continued)
The Lessee

	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Beginning Cash Balance [6]						
Plus: Surplus						
Plus: Depreciation						
Less: MERF Central Office Net Income (Loss)[7]						
Less: Restricted Grant Funding[2]						
Ending Cash Balance						
Total Expenses						
Less: Depreciation						
Operating Expenses						
Days Cash on Hand[8]						

[6] For Fiscal Year 2025-26, beginning cash balance represents cash and cash equivalents as shown on MERF's audited financial statements for the year ending June 30, 2025.

[7] According to the draft 2nd Interim Budget to be approved by the Board of MERF in March 2026, MERF expects its Central Office to have a loss of about $1.1M in 2025-26. However, MERF plans to budget such that the Central Office Management Fee will cover all of the expenses of the Central Office so that the Central Office breaks even in subsequent years.

[8] Days Cash on Hand is calculated annually. (See "THE LEASES AND SCHOOL LOAN AGREEMENTS – Certain Related Covenants – *Liquidity Covenant*" in the forepart of this Preliminary Limited Offering Memorandum).

Source: The Lessee.

THE BORROWER AND THE OBLIGATED GROUP

General

The Borrower, a California nonprofit public benefit corporation and organization described in Section 501(c)(3) of the Code, was formed in 2012, in part for the purpose of providing support to MERF with respect to the acquisition, development, lease and operation of real property, charter school facilities situated on such property and related charter school operations, all for and on behalf of MERF, including for the use and benefits of the Magnolia Schools. The Borrower has no members and is managed by its Board of Directors (the "Borrower Board") selected by the MERF's Board. The Borrower Board consists of not less than three directors nor more than seven directors, and is currently comprised of three directors. No more than 49 percent of the persons serving on the Borrower Board may be interested persons. An interested person is (a) any person currently being compensated by the Borrower for services rendered to it within the previous 12 months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as a director on the Borrower Board, and (b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son in-law, daughter-in-law, mother-in-law, or father-in-law of such a person. Each director on the Borrower Board serves for a term as is designated by MERF.

The roster of current Borrower Board members, along with each member's current position on the Board, the start and end of their term, is set forth below. The Borrower Board members serve indefinite terms. Brief biographies of the members of the Borrower Board follow.

TABLE 25
BOARD OF DIRECTORS
The Borrower

Name	*Title*	*Occupation*
Mekan Muhammedov	Chair	Real Estate & Entrepreneur
Sandra Covarrubias	Member	Retired Nurse
Haim Beliak	Member	Rabbi

Source: The Lessee.

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Mekan Muhammedov, Chair. See "CURRICULUM AND EDUCATIONAL PROGRAMS – The Lessee Board of Directors" above for Mekan Muhammedov's biography.

Sandra Covarrubias, Member. See "CURRICULUM AND EDUCATIONAL PROGRAMS – The Lessee Board of Directors" above for Sandra Covarrubias's biography.

Haim Beliak, Member. Bernhard "Haim Dov" Beliak has taught and lectured since 1985 at multiple colleges and universities. A great number of his lectures were to undergraduate classes on the Jewish perspective on philosophy, literature, history, political science, law, medical ethics, human sexuality from a Jewish perspective, and the Jew in drama. He was also a guest lecturer at the Federation Young Leadership Development Community Relation Committee where he spoke to ORT, Hadassah, Occidental College, UCLA, Open College, Alumni and Student Conferences. In the absence of a Jewish studies department, Beliak developed a large number of lecture sequences on Jewish topics. He was an important proponent of creating a bridge between faculty and students where students were advised throughout their academic and other endeavors. He also has experience as a Board Member of Progressive Jewish Alliance, Executive Director of Mifgash, Marriage and Family Preparation Counseling, and Executive Officer of Office of Chaplain. He has many publications, some of which are "The Earth and Humanity: A Jewish Response," "Acts of Memory for Creative a Jewish Identity: Learning to Play Countermelody While Developing the 'Weapons of the Strong,'" and numerous other newspaper articles. He graduated from Occidental College with an A.B. in Philosophy and Urban Geology. He also has degrees from Hebrew University's School of Education and Claremont Graduate School- where he attained his ABD in Higher Education Administration.

The affairs of the Borrower are managed by a President, a Secretary, a Chief Financial Officer and such other officers as the Borrower Board determines. The President, Secretary, and Chief Financial Officer of the Borrower are set forth below. Brief biographies of each of the officers are available above under the heading "CURRICULUM AND EDUCATIONAL PROGRAMS – Organizational Structure and Leadership Team – *Executive Team*".

TABLE 26
EXECUTIVE TEAM
The Borrower

Name	***Title***
Alfredo Rubalcava	President
Patrick Anton C. Ontiveros	Secretary
Cafer Turan	Chief Financial Officer

Source: The Lessee.

Role in the Financing

Upon the issuance of the Bonds, the proceeds of the Bonds will be loaned to the Borrower pursuant to a Loan Agreement. In addition, the Borrower is a party to the Master Indenture of Trust, as supplemented by a First Supplemental Master Indenture.

The Facilities (as defined in the forepart of this Limited Offering Memorandum) are leased to the Lessee from the Borrower, pursuant to the Series 2025 Leases. See "INTRODUCTION – The Bonds" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" in the forepart of this Limited Offering Memorandum.

OHS DRAFT 09/23/2026

LOAN AGREEMENT

between

CALIFORNIA SCHOOL FINANCE AUTHORITY

and

MAGNOLIA PROPERTIES MANAGEMENT, INC.

Dated as of November 1, 2026

Relating to:

CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(MAGNOLIA PUBLIC SCHOOLS – OBLIGATED GROUP)
SERIES 2026C

and

CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS
(MAGNOLIA PUBLIC SCHOOLS – OBLIGATED GROUP)
SERIES 2026D (TAXABLE)

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EXHIBIT A THE PROJECT A-1

THIS LOAN AGREEMENT (this "Loan Agreement"), dated as of November 1, 2026, is by and among the **CALIFORNIA SCHOOL FINANCE AUTHORITY** (the "Authority"), a public instrumentality of the State of California, and **MAGNOLIA PROPERTIES MANAGEMENT, INC.** (the "Borrower"), a California nonprofit public benefit corporation, and an entity described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and accepted and acknowledged by **[OWNERS]** ("[OWNERS]" or the "Member of the Obligated Group").

W I T N E S S E T H:

WHEREAS, the Authority is a public instrumentality of the State of California, created by the California School Finance Authority Act (constituting Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State of California) (the "Act") and is authorized to issue bonds and loan the proceeds thereof for purposes of financing and refinancing the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of educational facilities (as defined in the Act) to a participating party (as defined in the Act), including an entity that undertakes the financing or refinancing of a project (as defined in the Act) pursuant to the Act in conjunction with schools ("charter schools") established pursuant to the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the Education Code) (the "Charter School Law");

WHEREAS, the Borrower has applied for a loan of proceeds of revenue bonds of the Authority to finance and/or refinance the Project (as defined herein) at the Facilities (as defined in the Bond Indenture);

WHEREAS, the Authority proposes to issue its California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026C and its California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026D (Taxable) (collectively, the "Bonds") in the aggregate principal amount of $[_____] pursuant to an Indenture, dated as of November 1, 2026 (the "Bond Indenture"), by and between the Authority and UMB Bank, National Association (the "Bond Trustee");

WHEREAS, proceeds of the Bonds will be applied to fund a loan to the Borrower (i) to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of certain charter school facilities as described in Exhibit A hereto (as set forth in Exhibit A, the "Project"), to be used or operated in conjunction with charter schools, (ii) to pay certain costs of issuance of the Bonds, and (iii) to fund a debt service reserve fund with respect to the Bonds;

WHEREAS, the Authority and the Borrower desire to enter into this Loan Agreement to specify the terms and conditions of the loan by the Authority to the Borrower of the proceeds of the Bonds;

WHEREAS, under this Loan Agreement, the Borrower is required to make Loan Repayments (defined herein) sufficient to pay when due the principal of, and premium, if any, and interest on, the Bonds;

WHEREAS, each of the Authority and the Borrower has duly authorized the execution, delivery and performance of this Loan Agreement;

WHEREAS, (i) MPM 16600 Vanowen Street LLC ("MPM Vanowen") will enter into the Magnolia 2 Campus Lease with MERF and (ii) MPM 18120 Sherman Way LLC ("MPM Sherman") will enter into the Magnolia 1/7 Campus Lease with MERF (together, the "Leases"), in each case dated as of November 1, 2026, for the purposes of financing and/or refinancing the Project;

WHEREAS, during the term of the Leases, the Facility will be used, occupied and operated in conjunction with the School;

WHEREAS, the Borrower has elected to provide for Loan Repayments (as defined in the Bond Indenture), and in turn, payment on the Bonds pursuant to and in accordance with Section 17199.4 of the California Education Code;

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to constitute this Loan Agreement a valid and binding legal agreement of the Authority for the uses and purposes herein set forth, in accordance with its terms, have been done and taken, and the execution and delivery of this Loan Agreement by the Authority have been in all respects duly authorized;

NOW, **THEREFORE**, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Definitions. Unless the context otherwise requires, all capitalized terms used herein but not defined shall have the meanings assigned to such terms in Section 1.01 of the Bond Indenture.

SECTION 1.02 Interpretation. In this Loan Agreement, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "herein," "hereunder," "hereinafter" and any similar terms as used in this Loan Agreement, refer to this Loan Agreement as a whole and not to a particular section or provision of this Loan Agreement, and the term "heretofore" shall mean before, and the term "hereafter" shall mean after, the effective date of this Loan Agreement.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders, and words importing the singular number shall mean and include the plural number, and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings or titles preceding the texts of the several Articles and Sections of this Loan Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall neither constitute a part of this Loan Agreement nor affect its meaning, construction or effect.

(e) Any certificates, letters or opinions required to be given pursuant to this Loan Agreement shall mean a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Loan Agreement.

(f) Every "request," "order," "demand," "application," "notice," "statement," "certificate," "consent," "instruction," or similar action hereunder shall, unless the form thereof is specifically provided herein, be in writing, and in the case of the Authority or the Borrower, signed by an Authorized Representative of the Authority or the Borrower, as the case may be.

(g) The parties hereto acknowledge that each such party and their respective counsel have participated in the drafting and revision of this Loan Agreement and the Bond Indenture. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Loan Agreement or the Bond Indenture or any amendment or supplement or exhibit hereto or thereto.

ARTICLE II

FINDINGS, REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 2.01 Findings by the Authority. The Authority hereby finds and determines, based upon the representations, warranties and agreements of the Borrower and such other information as the Authority deems necessary, that (i) the Borrower using proceeds of the Bonds is a "participating party" as such term is defined in the Act; (ii) the Loan to be made hereunder with proceeds of the Bonds will promote the purposes of the Act by providing funds to pay the costs of a "project" as defined in the Act; (iii) said Loan is in the public interest, serves a public purpose and meets the requirements of the Act; and (iv) the amount of the Loan (corresponding to the portion of the proceeds of the Bonds allocated under the Bond Indenture to the funding of the Project) does not exceed the costs of the Project as determined by the Borrower.

SECTION 2.02 Representations and Warranties of the Borrower. The Borrower, on behalf of itself and as Obligated Group Representative on behalf of the Members of the Obligated Group, represents and warrants to the Authority that, as of the date of execution of this Loan Agreement and as of the date of delivery of the Bonds to the initial purchasers thereof

(such representations and warranties to remain operative and in full force and effect regardless of the issuance of the Bonds or any investigations by or on behalf of the Authority or the results thereof):

(a) The Borrower is a California nonprofit public benefit corporation, duly organized and in good standing under the laws of the State, and has full legal right, power and authority to enter into the Borrower Documents, and to carry out all of its obligations under and consummate all transactions contemplated hereby and by the Borrower Documents, and by proper corporate action has duly authorized the execution, delivery and performance of the Borrower Documents.

(b) The officers of the Borrower executing the Borrower Documents are duly and properly in office and fully authorized to execute the same.

(c) The Borrower Documents have been duly authorized, executed and delivered by the Borrower.

(d) The Borrower Documents, when assigned to the Bond Trustee pursuant to the Bond Indenture, will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower by the Bond Trustee in accordance with their terms for the benefit of the Holders of the Bonds, and any rights of the Authority and obligations of the Borrower not so assigned to the Bond Trustee constitute the legal, valid, and binding agreements of the Borrower enforceable against the Borrower by the Authority in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(e) The execution and delivery of the Borrower Documents, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of incorporation of the Borrower, its bylaws, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Documents, or the financial condition, assets, properties or operations of the Borrower or Members of the Obligated Group.

(f) No consent or approval of any trustee or holder of any indebtedness of the Borrower or any guarantor of indebtedness of or other provider of credit or liquidity of the Borrower, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of the Borrower Documents, or the

consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(g) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Borrower, after reasonable investigation, threatened, against or affecting the Borrower or the assets, properties or operations of the Borrower which, if determined adversely to the Borrower or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Borrower Documents, or upon the financial condition, assets, properties or operations of the Borrower or Members of the Obligated Group, and the Borrower is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Documents, or the financial condition, assets, properties or operations of the Borrower or Members of the Obligated Group. All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein. The Borrower enjoys the peaceful and undisturbed possession of the Facility, subject to the Leases.

(h) No written information, exhibit or report furnished to the Authority by the Borrower in connection with the negotiation of the Borrower Documents contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Borrower has not made any independent investigation or inquiry into the truth, accuracy or completeness of any report written or provided by any third party.

(i) The Borrower is an organization described in Section 501(c)(3) of the Code and is exempt from federal income tax under Section 501(a) of the Code, except for unrelated business taxable income under Section 511 of the Code, and is not a private foundation as described in Section 509(a) of the Code.

(j) The Loan will be used by the Borrower solely to satisfy one or more of the Borrower's charitable purposes, which have been previously recognized by the Internal Revenue Service as bona fide charitable purposes. The Borrower has full power and authority to carry on its business as now being conducted and to enter into the Borrower Documents and the transactions contemplated therein.

(k) (i) MPM Vanowen will have good and marketable title to the Magnolia 2 Campus and (ii) MPM Sherman will have good and marketable title to the Magnolia 1/7 Campus, in each case free and clear from all encumbrances other than Permitted Liens.

(l) MERF's audited consolidated balance sheets at [June 30, 2026 and June 30, 2025], and the related consolidated statements of income and consolidated statements of cash flows for the years ended [June 30, 2026 and June 30, 2025] (copies of which have been furnished to the Authority) fairly present the financial position of MERF at such date, respectively, and the results of operations for the years ended on such dates, and since [June 30, 2026] there has been no material adverse change in the financial condition or results of operations of MERF.

(m) The Borrower's purposes, character, activities, and methods of operation have not changed since its organization and are not different from the purposes, character, activities and methods of operation contemplated at the time of its determination by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code; the Borrower has not and will not divert any part of its corpus or income for a purpose or purposes other than the purpose or purposes for which it is organized or operated; the Borrower has not operated, and will not operate, in a manner that would result in it being classified as an "action" organization within the meaning of Section 1.501(c)(3)-(1)(c)(3) of the Regulations, including, but not limited to, promoting or attempting to influence legislation by propaganda or otherwise as a substantial part of its activities; none of its directors, officers, or any related Persons, or any other Person having a private or professional interest in the Borrower's activities has acquired or received, nor will such Persons be allowed to acquire or receive, directly or indirectly, any of the Borrower's goods, services, income or assets, without fair compensation or consideration received in exchange therefor; it has not received any indication or notice to the effect that its exemption from federal income taxation under Section 501(c)(3) of the Code has been revoked or modified, or that the Internal Revenue Service is considering revoking or modifying such exemption, and such exemption is still in full force and effect; the Borrower has not devoted and will not devote more than an insubstantial part of its activities in furtherance of a purpose other than an exempt purpose within the meaning of Section 501(c)(3) of the Code; and the Borrower has not taken any action, nor knows of any action that any other Person has taken, nor knows of the existence of any condition that would cause the Borrower to lose its exemption from federal income taxation under Section 501(c)(3) of the Code or cause interest on the Bonds to be includable in the income of the recipients thereof for federal income tax purposes. As long as the Bonds are Outstanding, the Borrower will not take, permit to be taken, fail to take, or permit to fail to be taken, any action that would cause the interest on the Bonds to become includable in the gross income of the owners of the Bonds for federal income tax purposes.

(n) The Borrower shall not use (or permit the use of) any proceeds of the Bonds, or any income from the investment thereof or any property financed or refinanced with such proceeds or income, in any trade or business carried on by any Person that is not an Exempt Person or in any unrelated trade or business, as defined in Section 513(a) of the Code, of an Exempt Person or permit the direct or indirect loan of any such proceeds, income, or property to any Person other than an Exempt Person or to any Person that is an Exempt Person for use in an unrelated trade or business, as defined in Section 513(a) of the Code, if the amount of such proceeds, income, or property so used or loaned or portions thereof so used in the aggregate, when added to the cost of issuance financed directly or indirectly with the Bond proceeds, exceeds 5% of the proceeds of the Bonds.

(o) Except as provided in the Bond Indenture and this Loan Agreement, the Borrower shall not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under this Loan Agreement and shall not establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts in advance of the redemption date of an equal principal amount of the Bonds.

(p) The Borrower has made and shall continue to make all required contributions to all employee benefit plans, if any, and Borrower has no knowledge of any material liability which has been incurred by the Borrower and remains unsatisfied for any taxes or penalties with respect to any employee benefit plan or any multi-employer plan, and each such plan has been administered in compliance with its terms and the applicable provisions of ERISA and any other federal or state law.

(q) The Borrower has no known material contingent liabilities, and has no material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Borrower is a party or by which the Borrower is otherwise bound, other than (x) obligations being refinanced with the proceeds of the Loan, (y) obligations outstanding under the loan agreement related to Obligation No. 3 pursuant to the Master Indenture of Trust, and (z) obligations incurred in connection with the ownership and operation of the Facility incurred in the ordinary course of business, none of which constitutes indebtedness for borrowed money.

(r) The Borrower has not entered into this transaction or any Borrower Document with the actual intent to hinder, delay, or defraud any creditor and the Borrower has received reasonably equivalent value in exchange for its obligations under the Borrower Documents. Giving effect to the transactions contemplated by the Borrower Documents, the fair saleable value of the Borrower's assets exceeds and will, immediately following the execution and delivery of the Borrower Documents, exceed the Borrower's total liabilities, including, without limitation, subordinated, unliquidated, disputed or contingent liabilities. The fair saleable value of the Borrower's assets is and will, immediately following the execution and delivery of the Borrower Documents, be greater than the Borrower's probable liabilities, including the maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. The Borrower does not intend to, and does not believe that it will, incur debts and liabilities (including, without limitation, contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Borrower).

(s) The Borrower is not (1) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; (2) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (3) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money.

(t) The Borrower reasonably believes that the Gross Revenues will be sufficient (without any other borrowing) during the term of the Loan to pay the principal of, prepayment premium, if any, and interest on the Loan.

(u) All representations, warranties and certifications made by MERF or the Borrower in connection with the delivery of the Bonds on the Closing Date, including, but not limited to, those representations, warranties and certifications contained in any certificate or agreement concerning the exclusion of interest on the Tax-Exempt Bonds from gross income for purposes of federal income taxation executed by the Borrower, are true, correct, and complete in all material respects as of the Closing Date.

(v) The Borrower is a "participating party" as defined in the Act, and the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of the Project is a "project" as defined in the Act. The Borrower shall use the Loan to finance and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of the Project.

(w) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing or refinancing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions; and that it has not relied on the Authority for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Loan Agreement and the Bond Indenture or otherwise relied on the Authority for any advice.

(x) The Project and the Facility are not in violation of any federal, state or local Environmental Regulations. None of the Borrower, the Members of the Obligated Group, or the Facility is the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by Environmental Regulations or to respond to a release of any Hazardous Substances into the environment.

(y) The Borrower or the Member of the Obligated Group have and will have title or leasehold possession to the Facility sufficient to carry out the purposes of this Loan Agreement and the Leases.

(z) Neither the Borrower nor the Member of the Obligated Group has any material contingent liability in connection with any release of any Hazardous Substances into the environment.

SECTION 2.03 Representations and Warranties of the Members of the Obligated Group. The Member of the Obligated Group represents and warrants to the Authority that, as of the date of execution of this Loan Agreement and as of the date of delivery of the Bonds to the initial purchasers thereof (such representations and warranties to remain operative and in full force and effect regardless of the issuance of the Bonds or any investigations by or on behalf of the Authority or the results thereof):

(a) The Member of the Obligated Group is a duly organized limited liability company in good standing under the laws of the State, and has full legal right, power and authority to accept and acknowledge this Loan Agreement, and to carry out all of its obligations under and consummate all transactions contemplated by this Loan Agreement, and by proper corporate action has duly authorized the execution, delivery and performance of this Loan Agreement.

(b) The officers of the Member of the Obligated Group, or of the sole member of the Member of the Obligated Group, as the case may be, are duly and properly in office and are fully authorized to execute this Loan Agreement.

(c) This Loan Agreement has been duly authorized, executed and delivered by the Member of the Obligated Group.

(d) This Loan Agreement, when assigned to the Bond Trustee pursuant to the Bond Indenture, will constitute the legal, valid and binding agreement of the Member of the Obligated Group enforceable against the Member of the Obligated Group by the Bond Trustee in accordance with its terms for the benefit of the Holders of the Bonds, and any rights of the Authority and obligations of the Member of the Obligated Group not so assigned to the Bond Trustee constitute the legal, valid, and binding agreements of the Member of the Obligated Group enforceable against the Member of the Obligated Group by the Authority in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy, or the exercise of judicial discretion in appropriate cases.

(e) The execution and delivery of this Loan Agreement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of organization of the Member of the Obligated Group, its operating agreements, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Member of the Obligated Group is a party or by which the Member of the Obligated Group or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Member of the Obligated Group, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement, or the financial condition, assets, properties or operations of the Member of the Obligated Group.

(f) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Member of the Obligated Group, after reasonable investigation, threatened, against or affecting the Member of the Obligated Group or the assets, properties or operations of the Member of the Obligated Group which, if determined adversely to the Member of the Obligated Group or its interests, would have a material adverse effect upon the consummation of

the transactions contemplated by, or the validity of, this Loan Agreement, or upon the financial condition, assets, properties or operations of the Member of the Obligated Group, and Member of the Obligated Group is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement, or the financial condition, assets, properties or operations of the Member of the Obligated Group. All tax returns (federal, state and local) required to be filed by or on behalf of the Member of the Obligated Group have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Member of the Obligated Group in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein.

(g) The Member of the Obligated Group has full power and authority to carry on its business as now being conducted and to enter into this Loan Agreement and the transactions contemplated therein.

(h) All representations, warranties and certifications made by the Member of the Obligated Group in connection with the delivery of the Bonds on the Closing Date, are true, correct, and complete in all material respects as of the Closing Date.

(i) The Project and the Facility are not in violation of any federal, state or local Environmental Regulations. Neither the Member of the Obligated Group nor the Facility is the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by Environmental Regulations or to respond to a release of any Hazardous Substances into the environment.

(j) The Member of the Obligated Group does not have any material contingent liability in connection with any release of any Hazardous Substances into the environment.

(k) The Member of the Obligated Group acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing or refinancing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions; and that it has not relied on the Authority for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Loan Agreement and the Indenture or otherwise relied on the Authority for any advice.

ARTICLE III

LOAN FINANCING; LOAN REPAYMENTS; INDEMNIFICATION

SECTION 3.01 Agreement to Issue Bonds and Application of Bond Proceeds.

(a) In order to fund the Loan and for the other purposes set forth in the Bond Indenture, the Authority, concurrently with the execution of this Loan Agreement, has issued, sold and delivered the Bonds and directed the proceeds thereof to be deposited with the Bond Trustee and applied as provided in Article III of the Bond Indenture. The Borrower hereby agrees that the proceeds of the Bonds shall be applied solely in accordance with the Bond Indenture.

(b) The Borrower hereby approves the terms and provisions of the Bond Indenture and, to the extent applicable, agrees to be bound by such terms.

(c) In consideration of the issuance of the Bonds by the Authority and the application of the proceeds thereof as provided in the Bond Indenture, the Borrower agrees to issue, or cause to be issued, and to cause to be authenticated and delivered to the Bond Trustee, pursuant to the Master Indenture of Trust and the Supplemental MTI for Obligation No. 3, concurrently with the issuance and delivery of the Bonds, Obligation No. 3 in substantially the form set forth in Section 11 of the Supplemental MTI for Obligation No. 3. The Borrower agrees that the aggregate principal amount of Obligation No. 3 shall be limited to [AMOUNT IN WORDS] dollars ($_____), except for any Obligation No. 3 authenticated and delivered in lieu of another Obligation No. 3 as provided in Section 7 of the Supplemental MTI for Obligation No. 3 with respect to the mutilation, destruction, loss or theft of Obligation No. 3 or, subject to the provisions of Section 6 of the Supplemental MTI for Obligation No. 3, upon transfer of registration of Obligation No. 3. Issuance and delivery of the Bonds by the Authority shall be a condition of the issuance and delivery of Obligation No. 3.

(d) The Borrower agrees that, except as otherwise provided in this Section 3.01(d), so long as any Bond remains Outstanding, Obligation No. 3 shall be issuable only as a single obligation without coupons, registered as to principal and interest in the name of the Bond Trustee, and no transfer of Obligation No. 3 shall be registered under the Master Indenture of Trust or be recognized by the Borrower except for transfers to a successor Bond Trustee. Upon the principal of Obligation No. 3 being declared immediately due and payable, Obligation No. 3 may be transferred if and to the extent that the Bond Trustee requests that the aforementioned restrictions on transfers of this Section 3.01(d) be terminated.

SECTION 3.02 The Loan; Loan Repayments; Intercept; Additional Payments.

(a) The Loan. The Authority agrees, upon the terms and conditions herein specified, to loan to the Borrower the proceeds received by the Authority from the sale of the Bonds by causing such proceeds to be deposited with the Bond Trustee for disposition as provided in the Bond Indenture. The obligation of the Authority to make the Loan is limited solely to such sale proceeds of the Bonds received by the Authority and shall be deemed fully discharged upon the deposit of the proceeds of the Bonds with the Bond Trustee pursuant hereto.

(b) Loan Repayments. In consideration of the issuance of the Bonds by the Authority and the loan of the proceeds thereof to the Borrower, the Borrower agrees that, on or before June 25th and December 25th of each year and as long as any of the Bonds remain Outstanding, it shall pay to the Bond Trustee for deposit in the Revenue Fund such amount as is required by the Bond Trustee to make the transfers and deposits required on such date by Section 5.02 of the Bond Indenture, including amounts necessary for deposit into the Repair and Replacement Fund. Notwithstanding the foregoing, if five Business Days prior to any interest or principal payment date with respect to the Bonds, the aggregate amount in the Revenue Fund is for any reason insufficient or unavailable to make the required payments of principal (or Redemption Price) of or interest on the Bonds then becoming due (whether by maturity, redemption or acceleration), the Borrower shall forthwith pay the amount of any such deficiency to the Bond Trustee. Each payment by the Borrower to the Bond Trustee hereunder (the "Loan Repayments") shall be in lawful money of the United States of America and paid to the Bond Trustee at its designated corporate trust office and held, invested, disbursed and applied as provided in the Bond Indenture. Notwithstanding anything to the contrary herein, the Borrower hereby certifies that it will instruct or cause the Member of the Obligated Group to instruct MERF to pay Loan Repayments directly to the Bond Trustee for deposit in the Revenue Fund.

(c) Intercept. Simultaneously with the execution and delivery of the Bonds, the Borrower shall cause MERF to deliver the Intercept Notice to the State Controller.

The Borrower may revise the Intercept Notice and cause such revision to be delivered to the State Controller from time to time as necessary or appropriate (including without limitation as a result of redemption prior to maturity) to specify transfers to the Bond Trustee necessary to pay the amounts due under this Loan Agreement and other costs necessary or incidental to the financing pursuant to the Act relating to the Bonds, as the same become due, and to cure any delinquency in payment of such amounts. The Borrower shall, and shall cause MERF to, cooperate with the Bond Trustee in any manner the Bond Trustee may request in connection with revising the Intercept Notice. If at any time the Intercept Notice is revised for any reason, the Borrower shall cause MERF to promptly provide to the Authority, the Department of Education and the Bond Trustee a copy of such revised Intercept Notice. The Intercept Notice may provide additional amounts payable to the Bond Trustee for purposes set forth in the Bond Indenture; provided that pursuant to the terms of the Leases, MERF shall not grant preference or any prior right of funding access or security in respect of any payment indicated in the Intercept Notice or any other notice delivered pursuant to Section 17199.4 of the Education Code or any successor provision. The Borrower agrees and acknowledges that any revision to the Intercept Notice may take up to 60 days for the State Controller to process.

All deposits of moneys derived from the Intercept hereunder shall be made at the corporate trust office of the Bond Trustee set forth in the Intercept Notice. The Borrower shall cause MERF to timely revise the Intercept Notice to require transfers to such other location as shall be designated in writing by the Bond Trustee.

(d) Additional Payments. In addition to the Loan Repayments, the Borrower shall also pay to the Authority or to the Bond Trustee, as the case may be, "Additional Payments," as follows:

(i) All taxes and assessments of any type or character charged to the Authority or to the Bond Trustee affecting the amount available to the Authority or the Bond Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Bond Trustee and taxes based upon or measured by the net income of the Bond Trustee; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Authority or the Bond Trustee, as the case may be, at the Borrower's expense, to protest and contest any such taxes or assessments assessed or levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Bond Trustee;

(ii) All reasonable fees, charges and expenses of the Bond Trustee for services rendered under the Bond Indenture and all amounts referred to in Section 8.06 of the Bond Indenture, as and when the same become due and payable;

(iii) The reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Bond Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Loan Agreement, the other Borrower Documents or the Bond Indenture;

(iv) All fees and expenses of the Rating Agency and the Rebate Analyst, and if a deposit is required to be made to the Rebate Fund as a result of any calculation made pursuant to Section 5.07 of the Bond Indenture, the amount of such deposit, which shall be deposited in the Rebate Fund not later than the tenth day of the calendar month immediately following the date on which such calculation was made pursuant to Section 5.07 of the Bond Indenture;

(v) The annual fee of the Authority and the fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with this Loan Agreement, the other Borrower Documents, the Bonds or the Bond Indenture, including, without limitation, any and all expenses incurred in connection with the authorization, issuance, sale and delivery of any such Bonds or in connection with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving this Loan Agreement, the other Borrower Documents, the Bonds or the Bond Indenture or any of the other documents contemplated thereby, or in connection with the supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of this Loan Agreement and the other Borrower Documents; and

(vi) The amount necessary to replenish any fund established under the Bond Indenture, but only to the extent then required under Section 5.02 of the Bond Indenture.

All such payments shall be made by the Borrower from the Gross Revenues for payment to the Person or Persons entitled to such payments or for deposit to the appropriate fund or account held by the Bond Trustee under the Bond Indenture.

(e) Failure to Make Payments. In the event the Borrower shall fail to deposit, or fail to cause to be deposited, with the Bond Trustee any Loan Repayments or Additional Payments as required by this Section 3.02, the Loan Repayments, Additional Payments or other payments required hereunder not paid from such Gross Revenues shall continue as an obligation hereunder of the Borrower until the amount in default shall have been fully paid.

(f) Obligations of Borrower Unconditional; Non-Recourse Obligations.

(i) The Borrower shall pay to or upon the order of the Authority, at or before the time when payable by the Authority, all costs and liabilities incurred by the Authority, including without limitation fees and expenses of counsel to the Authority, in connection with the issuance of the Bonds and the making of the Loan to the Borrower herein, or otherwise as a result of the transactions contemplated by the Borrower Documents or the Bond Indenture.

(ii) Subject to the provisions of Section 3.02(f)(iii), the obligation of the Borrower to make the payments as required in this Section 3.02, and to perform and observe any and all of the other covenants and agreements on its part contained herein, shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim which the Borrower may otherwise have against the Authority. The Borrower shall not: (1) suspend, discontinue, or abate any payment required by this Section 3.02 (except as expressly provided herein); (2) fail to observe any of its other covenants or agreements in this Loan Agreement; or (3) terminate this Loan Agreement for any cause whatsoever (except as provided in Section 7.01 hereof), including without limiting the generality of the foregoing, any declaration or finding that the Bonds, the Bond Indenture, or any portion of this Loan Agreement are invalid or unenforceable, and, any failure of the Authority to perform and observe any agreement, whether expressed or implied, or any duty, liability, or obligation, arising out of or in connection with this Loan Agreement or otherwise.

(iii) Notwithstanding anything in this Loan Agreement to the contrary, the liability of the Borrower under this Loan Agreement to any person or entity, including, but not limited to, the Bond Trustee or the Authority and their respective successors and assigns, is limited to the Gross Revenues and the amounts held in the funds and accounts created under the Bond Indenture (except the Rebate Fund) or hereunder, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of this Loan Agreement or any other agreement securing the obligations of the Borrower with respect to the Loan or the Bonds.

(iv) The Authority covenants that it shall not take recourse against the Borrower or any of its Affiliates with respect to the failure by the Borrower or any of its Affiliates to make any payment under this Loan Agreement or the Bonds except recourse

to the Gross Revenues and the amounts held in the funds and accounts created under the Bond Indenture (except the Rebate Fund) or hereunder, or to such other security as may from time to time be given for the payment of obligations arising out of this Loan Agreement or any other agreement securing the obligations of the Borrower with respect to the Loan or the Bonds.

SECTION 3.03 Costs of Issuance and Other Expenses. In addition to the payments required to be paid by the Borrower under Section 3.02 hereof, the Borrower agrees that it shall pay from the proceeds of the Bonds or Gross Revenues or other legally available funds of the Borrower, all Costs of Issuance of the Bonds. The Borrower agrees that it also shall pay all expenses incurred by it, including the expenses of its counsel. The Borrower shall also pay the costs of filing any financing statement(s) .

The Borrower acknowledges that certain provisions of the Bond Indenture set forth Administrative Fees and Expenses of the Bond Trustee as the amount of annual compensation and reimbursement payable from funds held under the Bond Indenture to the Bond Trustee. In the event that the Bond Trustee incurs fees and expenses in the course of performing its duties in excess of Administrative Fees and Expenses or in excess of the funds available for the payment thereof under the Bond Indenture, the Borrower agrees to compensate and reimburse the Bond Trustee from Gross Revenues or other funds of the Borrower, for Administrative Fees and Expenses and for any extraordinary fees and expenses, which compensation to the Bond Trustee shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust.

The Borrower covenants and agrees to pay and indemnify the Authority, the State Treasurer and the Bond Trustee against all fees, costs and charges, including fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Bond Trustee, without negligence) and arising out of or in connection with the Borrower Documents, the Bonds or the Bond Indenture. These obligations and those in Section 3.04 hereof shall remain valid and in effect notwithstanding repayment of the Loan hereunder or the Bonds or termination of this Loan Agreement or the Bond Indenture or resignation or removal of the Bond Trustee.

SECTION 3.04 Indemnification. To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Authority, the State Treasurer, the Bond Trustee, and each of their respective officers, governing members, directors, officials, employees, attorneys and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, suits, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Bonds, the Bond Indenture, the Borrower Documents or the Tax Certificate or the execution or amendment hereof or thereof or in connection with

transactions contemplated hereby or thereby, including the issuance, sale or resale of the Bonds;

(ii) any act or omission of the Borrower or MERF or any of their agents, contractors, servants, employees or licensees in connection with the Loan, the Facility, the Project, and Leases, the operation of the Facility or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Facility, including the Project, or any part thereof;

(iii) any lien or charge upon payments by the Borrower or MERF to the Authority or the Bond Trustee, as the case may be, hereunder or under the Leases, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority or the Bond Trustee in respect of any portion of the Project or the Facility;

(iv) any violation of any Environmental Regulations with respect to, or the release of any Hazardous Substances at, on or under the Facility or any part thereof;

(v) any defeasance and/or redemption, in whole or in part, of the Bonds;

(vi) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in any offering or disclosure document or disclosure or continuing disclosure document for the Bonds or any of the documents relating to the Bonds, or any omission or alleged omission from any offering or disclosure document or disclosure or continuing disclosure document for the Bonds of any material fact necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, or any failure to timely file any continuing disclosure document in connection with the Bonds required by any undertaking or by any applicable law, rule or regulation;

(vii) any declaration that the interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes, or allegations that interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes or any regulatory audit or inquiry regarding whether interest on the Tax-Exempt Bonds is included in gross income for federal income tax purposes; and

(viii) the Bond Trustee's acceptance or administration of the trust of the Bond Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Bonds to which it is a party;

except (A) in the case of the foregoing indemnification of the Bond Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Authority or the State Treasurer or any of their officers, members, directors, officials, employees, attorneys and agents, to the extent such

damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Borrower shall pay the fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel, or in the case of the Authority or the State Treasurer or any of its officers, members, directors, employees, attorneys and agents, such Indemnified Party engages the Attorney General of the State as separate counsel.

The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Sections 3.02 and 3.03 hereof and this Section 3.04 shall survive the final payment or defeasance of the Bonds and in the case of the Bond Trustee any resignation or removal. The provisions of this Section 3.04 shall survive the termination of this Loan Agreement.

ARTICLE IV

ADDITIONAL COVENANTS AND AGREEMENTS OF BORROWER

SECTION 4.01 Inspection of Books.

(a) The Authority and the Bond Trustee shall have the right, but not obligation, upon reasonable notice, during business hours, to inspect the Facility, to examine and audit any and all of the Borrower's records or accounts pertaining to the Loan, the Leases, the Bond Indenture, the Intercept, Obligation No. 3, and this Loan Agreement.

(b) Upon written notice to the Borrower delivered at least five Business Days in advance of an inquiry, the Borrower shall make its management personnel available for periodic inquiries from the Authority; provided that the Borrower shall not be obligated to incur any material out-of-pocket costs in connection with such meetings or inquiries.

SECTION 4.02 Reports and Information.

(a) At the request of the Authority or the Bond Trustee, their agents, employees or attorneys, the Borrower shall furnish to the Authority and the Bond Trustee, such information as may be reasonably requested in writing from time to time relative to compliance by the Borrower with the provisions of this Loan Agreement, including, without limitation, the most recently prepared consolidated financial statements of the Borrower or Members of the Obligated Group.

(b) On or before the earlier of September 1 of each year or within sixty (60) days of the Authority's request, which request is to be made on or about July 1 of each year (commencing July 1, 2027), the Borrower shall provide information to the Authority needed for the Authority to comply with the reporting requirements contained in California Government Code Section 8855(k)(1). The covenant contained in this Section 4.02(b) shall remain in effect until the later of the date (i) the Bonds are no longer Outstanding or (ii) the proceeds of the Bonds have been fully spent.

SECTION 4.03 Notice. Promptly following obtaining knowledge of an Event of Default under any Borrower Document, the Borrower hereby agrees to provide to the Bond Trustee and to the Authority notice of such Event of Default (such notice to include a description of the nature of such event and what steps are being taken to remedy such Event of Default).

SECTION 4.04 Reliance. The Borrower hereby recognizes and agrees that the representations and covenants set forth in this Loan Agreement may be relied upon by all Persons interested in the legality and validity of the Bonds and in the exemption from federal income taxation of the interest on the Tax-Exempt Bonds including, without limitation, the Bond Trustee for the benefit of the Owners of the Bonds. In performing its duties and obligations hereunder, the Bond Trustee may rely upon statements and certificates of the Borrower believed in good faith to be genuine and upon audits of the books and records of the Borrower pertaining to the Loan. The Bond Trustee, in its name or as assignee of the Authority, may, for and on behalf of the Bondholders, enforce all rights of the Authority which have been assigned to and are held by the Bond Trustee and all obligations of the Borrower under and pursuant to this Loan Agreement, whether or not the Authority has pursued or attempted to enforce any of such rights and obligations. In addition, the Authority and the Bond Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Authority or the Bond Trustee hereunder in good faith and in conformity with the opinion of such counsel. In determining whether any default or lack of compliance by the Borrower exists under this Loan Agreement, none of the Bond Trustee or the Authority shall be required to conduct any investigation into or review of the operations or records of the Borrower and may rely solely upon any notice or certificate delivered to the Bond Trustee by the Borrower with respect to the occurrence or absence of a default.

SECTION 4.05 Tax Covenants.

(a) It is the intention of the Borrower that interest on the Tax-Exempt Bonds shall be and remain excluded from the gross income of the owners thereof for federal income tax purposes, and to that end the covenants and agreements of the Borrower in this Section and in the Tax Certificate are for the benefit of the Bond Trustee on behalf of and for each and every owner of the Bonds.

(b) The Borrower covenants and agrees that it will not use or permit the use of any of the funds provided by the Authority hereunder or any other funds of the Borrower, directly or indirectly, or direct the Bond Trustee to invest any funds held by it hereunder or under the Bond Indenture, in such manner as would, or enter into, or allow any "related person" (as defined in Section 147(a)(2) of the Code) to enter into, any arrangement, formal or informal, for the purchase of the Tax-Exempt Bonds that would, or take or omit to take any other action that

would cause any Tax-Exempt Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code and applicable regulations promulgated from time to time thereunder.

(c) In the event that at any time the Borrower is of the opinion or becomes otherwise aware, including from MERF, that for purposes of this Section or Section 6.09 of the Bond Indenture it is necessary to restrict or to limit the yield on the investment of any moneys held by the Bond Trustee under the Bond Indenture, the Borrower shall determine the limitations and so instruct the Bond Trustee in writing and cause the Bond Trustee to comply with those limitations under the Bond Indenture. The Borrower will take such action or actions as may be reasonably necessary in the opinion of Bond Counsel, or of which it otherwise becomes aware, to comply fully with Section 148 of the Code.

(d) The Borrower shall not, pursuant to an arrangement, formal or informal, purchase Tax-Exempt Bonds in an amount related to the amount of the Loan, except as otherwise permitted under the Bond Indenture.

(e) In order to maintain the exclusion of interest on the Tax-Exempt Bonds from the gross income of the owners thereof for federal income purposes and to assure compliance with the laws of the State, the Borrower hereby agrees that it shall, concurrently with or before the execution and delivery of the Tax-Exempt Bonds, execute and deliver the Tax Certificate, and shall comply with every term of the Tax Certificate. The Borrower covenants with the Authority, for the benefit of the Owners of the Tax-Exempt Bonds from time to time outstanding, that so long as any Tax-Exempt Bonds remain Outstanding, moneys on deposit in any fund, or account in connection with the Tax-Exempt Bonds, whether or not such moneys were derived from the proceeds of the sale of the Tax-Exempt Bonds or from any other sources, and moneys pledged directly or indirectly to the payment or for the securing of the Tax-Exempt Bonds, will not be used by or for the Borrower in a manner that will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Borrower expressly recognizes that, to the extent required by Section 148 of the Code, "proceeds" of the Tax-Exempt Bonds (including investment proceeds and "replacement" proceeds) may be required to be invested at a yield not exceeding the yield on the Tax-Exempt Bonds in order to comply with this Section. In furtherance of the covenant in this Section, the Borrower agrees that it will not direct any investments or reinvestments that would contravene either the investment representations made by the Authority in the Tax Certificate or any investment directions provided by the Authority and deemed reasonably necessary in the opinion of Bond Counsel to preserve the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes.

(f) In the event of any conflict between the terms of this Loan Agreement and the requirements of the Tax Certificate, the Tax Certificate shall control.

SECTION 4.06 Continuing Disclosure. The Borrower hereby covenants and agrees that it shall comply with and carry out all of the provisions of the Continuing Disclosure Agreement, and, in addition, shall provide any material event notice disseminated thereunder to the Authority. Notwithstanding any other provision of this Loan Agreement or the Bond Indenture, failure of the Borrower or the Dissemination Agent (as defined in the Continuing

Disclosure Agreement) to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder or under the Bond Indenture.

SECTION 4.07 Warranty of Truth. The Borrower covenants that no information, certificate, statement in writing or report required by this Loan Agreement, any other Borrower Documents or otherwise furnished by the Borrower to the Authority or the Bond Trustee shall contain any untrue statement of a material fact or omit a material fact necessary to make such information, certificate, statement or report not misleading as it relates to the Borrower.

SECTION 4.08 Prohibited Uses. No portion of the proceeds of the Bonds shall be used to finance or refinance any facility, place or building to be used (1) primarily for sectarian instruction or study or as a place for devotional activities or religious worship or (2) by a person that is not a 501(c)(3) Organization or a Governmental Unit or by a 501(c)(3) Organization (including the Borrower) in an "unrelated trade or business" (as set forth in Section 513(a) of the Code), in such a manner or to such extent as would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code. The Borrower may not cause or permit any portion of the Facilities that are part of the Project to be used or operated in any manner except in conjunction with a school under the Charter School Law.

SECTION 4.09 Facilities Consultant Report. No later than July 1, 2031 and each fifth anniversary thereafter, the Borrower shall engage an Independent Facilities Consultant who shall, within 60 days of engagement, and each fifth anniversary thereafter, as applicable, provide to the Borrower (copies of which shall be provided to the Bond Trustee and the Master Trustee) a Facilities Consultant Report. Within fourteen Business Days of its receipt of the Facilities Consultant Report, the Borrower shall either (i) accept the recommendations of the initial Independent Facilities Consultant or (ii) engage and immediately accept the recommendations (which shall be made within 60 days of such engagement) of a different Independent Facilities Consultant in the event the recommendations outlined in the initial Facilities Consultant Report are deemed by the Borrower to be unreasonable or inconsistent with the respective School's operation and maintenance practices.

SECTION 4.10 Indenture Provisions. The execution and delivery of this Loan Agreement shall constitute conclusive evidence of approval of the Bond Indenture by the Borrower. Whenever the Bond Indenture by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Bond Indenture, and the Borrower shall carry out and perform all of its obligations under the Bond Indenture as fully as if the Borrower were a party to the Bond Indenture.

SECTION 4.11 Amendment of the Leases. If any Bonds are Outstanding, the Borrower may not voluntarily amend, modify, or terminate any of the terms of the Leases without the prior written consent of the Bond Trustee, and may not voluntarily amend the Leases to result in a reduction of principal or interest payable thereunder or extend the time for making such payments without the written consent of all of the Holders of the Bonds then Outstanding; provided that nothing in this Section limits the exercise of or the remedies provided in the Leases in the event of default by MERF. Pursuant to Section 6.06(b) of the Bond Indenture, the Bond Trustee shall give such written consent if but only if (1) it has received a written representation

from the Borrower to the effect that such amendment or modification will not materially and adversely affect the interests of the Holders of the Bonds, or (2) the Holders of a majority in aggregate principal amount of the Bonds then Outstanding consent in writing to such amendment, modification or termination.

SECTION 4.12 Post-Issuance Compliance. The Borrower acknowledges that the Internal Revenue Service mandates certain filing requirements with respect to post-issuance tax compliance, private use and/or unrelated trade or business use, including the proper method for computing whether any such use has occurred under Section 145 of the Code. The Borrower covenants that it will undertake to determine (or have determined on its behalf) the information required to be reported on the IRS Form 990 (Schedule K) Supplemental Information on Tax-Exempt Bonds on an annual basis and will undertake to comply with the aforementioned filing requirements and any related requirements that may be applicable to the Bonds (collectively, the "Post-Issuance Requirements"). Further, the Borrower covenants that it has adopted, or, if not, will promptly adopt, management practices and procedures to ensure the Borrower complies with the Post-Issuance Requirements with respect to the Bonds.

The Borrower initially has designated Steve Budhraja, Chief Financial Officer of the Borrower, to be responsible for providing certain post-issuance tax compliance services that may be required from time to time with respect to the Bonds.

ARTICLE V

ADDITIONAL COVENANTS AND AGREEMENTS OF MEMBERS OF THE OBLIGATED GROUP

SECTION 5.01 Inspection of Books.

(a) The Authority and the Bond Trustee shall have the right, but not obligation, upon reasonable notice, during business hours, to examine and audit any and all of the Member of the Obligated Group's records or accounts pertaining to the Loan and the Leases, and this Loan Agreement.

(b) Upon written notice to a Member of the Obligated Group delivered at least five Business Days in advance of an inquiry, such Member of the Obligated Group shall make its management personnel available for periodic inquiries from the Authority; provided that the Member of the Obligated Group shall not be obligated to incur any material out-of-pocket costs in connection with such meetings or inquiries.

SECTION 5.02 Reports and Information. At the request of the Authority or the Bond Trustee, their agents, employees or attorneys, the Member of the Obligated Group shall furnish to the Authority and the Bond Trustee, such information as may be reasonably requested in writing from time to time relative to compliance by the Member of the Obligated Group with the provisions of this Loan Agreement.

SECTION 5.03 Reliance. The Member of the Obligated Group hereby recognizes and agrees that the representations and covenants set forth in this Loan Agreement may be relied upon by all Persons interested in the legality and validity of the Bonds and in the exemption from

federal income taxation of the interest on the Tax-Exempt Bonds including, without limitation, the Bond Trustee for the benefit of the Owners of the Bonds. The Bond Trustee may rely upon statements and certificates of the Member of the Obligated Group believed in good faith to be genuine and upon audits of the books and records of the Member of the Obligated Group pertaining to the Leases. The Bond Trustee, in its name or as assignee of the Authority, may, for and on behalf of the Bondholders, enforce all rights of the Authority which have been assigned to and are held by the Bond Trustee and all obligations of the Member of the Obligated Group under and pursuant to this Loan Agreement, whether or not the Authority has pursued or attempted to enforce any of such rights and obligations. In addition, the Authority and the Bond Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Authority or the Bond Trustee hereunder in good faith and in conformity with the opinion of such counsel. In determining whether any default or lack of compliance by the Member of the Obligated Group exists under this Loan Agreement, neither the Bond Trustee nor the Authority shall be required to conduct any investigation into or review of the operations or records of the Member of the Obligated Group and may rely solely upon any notice or certificate delivered to the Bond Trustee by the Member of the Obligated Group with respect to the occurrence or absence of a default.

SECTION 5.04 Warranty of Truth. The Member of the Obligated Group covenants that no information, certificate, statement in writing or report required by this Loan Agreement or otherwise furnished by the Member of the Obligated Group to the Authority or the Bond Trustee shall contain any untrue statement of a material fact or omit a material fact necessary to make such information, certificate, statement or report not misleading as it relates to the Member of the Obligated Group or the Leases.

SECTION 5.05 Prohibited Uses. The Member of the Obligated Group may not cause or permit any portion of its Facilities that are part of the Project to be used (1) primarily for sectarian instruction or study or as a place for devotional activities or religious worship or (2) by a person that is not a 501(c)(3) Organization or a Governmental Unit or by a 501(c)(3) Organization in an "unrelated trade or business" (as set forth in Section 513(a) of the Code), in such a manner or to such extent as would result in any of the Bonds being treated as an obligation not described in Section 103(a) of the Code or (3) in any manner except in conjunction with a school under the Charter School Law.

SECTION 5.06 Term of Leases. If any Bonds are Outstanding, the Member of the Obligated Group may not voluntarily terminate the Leases before completion of its stated term nor amend the Leases to result in an earlier end of its stated term; provided that nothing in this Section limits the exercise of or the remedies provided in the Leases in the event of default.

ARTICLE VI

DEFAULTS AND REMEDIES

SECTION 6.01 Events of Default. Any one of the following which occurs and continues shall constitute an Event of Default hereunder:

(a) failure by the Borrower to pay or cause to be paid any interest on the Loan when due and payable, and such failure continues for five (5) calendar days or more; or

(b) failure by the Borrower to pay or cause to be paid principal of, or premium, if any, on the Loan; or

(c) failure by the Borrower to pay or cause to be paid when due any other amounts required to be paid under this Loan Agreement and continuation of such failure to pay for ten (10) Business Days following the giving of written notice thereof to the Borrower; or

(d) failure of the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder (other than failure by the Borrower to pay the amounts required to be paid hereunder, as referred to in Section 6.01(a), (b), or (c) above, and other than as provided in subparagraph (e) below) after the Borrower shall have been given 60 days' written notice specifying such default and requesting it be remedied, except that, if the failure is unable to be remedied within 60 days, such failure shall not be an Event of Default for so long as the Borrower or any Member of the Obligated Group diligently proceeds to remedy the default; or

(e) voluntary initiation by the Borrower or any Member of the Obligated Group of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Borrower or any Member of the Obligated Group of any such proceeding that shall remain undismissed for 60 calendar days, or failure by the Borrower or any Member of the Obligated Group to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Borrower or any Member of the Obligated Group to carry on its operations, or assignment by the Borrower for the benefit of creditors, or the entry by the Borrower or any Member of the Obligated Group into an agreement of composition with creditors or the failure generally by the Borrower or any Member of the Obligated Group to pay its debts as they become due; or

(f) occurrence and continuance of an "Event of Default" under the Bond Indenture or the Master Indenture of Trust, provided, however, that an Event of Default under the Bond Indenture arising solely from the actions or inactions of the Authority or the Bond Trustee shall not be an Event of Default hereunder; or

(g) any representation or warranty made herein or any statement or representation made by the Borrower in any certificate, report, opinion, financial statement or other instrument furnished in connection with the Loan or any of the Borrower Documents proves to be false or misleading in any material respect when made.

SECTION 6.02 Remedies.

(a) Upon the occurrence of an Event of Default pursuant to Section 6.01 hereof and at any time thereafter during the continuance of such Event of Default, the Bond Trustee may take one or more or any combination of the following remedial steps:

(i) By written notice to the Borrower, declare the unpaid indebtedness on the Bonds and all amounts then due and payable hereunder, whether by acceleration of maturity or otherwise, to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(ii) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement, the Bonds or any other Borrower Document.

Any amounts collected pursuant to action taken by the Bond Trustee under this Section 6.02(a) shall be applied in accordance with provisions of the Bond Indenture. Notwithstanding anything herein to the contrary, the indebtedness of the Borrower under this Loan Agreement may be separately and independently accelerated with or without an acceleration of the Bonds.

(b) If the Bond Trustee shall have proceeded to enforce the rights of the Authority under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Bond Trustee or the Authority, then the Borrower, the Bond Trustee and the Authority shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Borrower, the Authority and the Bond Trustee shall continue as though no such proceedings had taken place.

SECTION 6.03 Additional Remedies. In addition to the above remedies, if an Event of Default occurs hereunder, the Authority and the Bond Trustee shall have the right and remedy, without posting bond or other security, to have the provisions of this Loan Agreement specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach will cause irreparable injury to the Bond Trustee or the Authority and that money damages will not provide an adequate remedy thereto.

SECTION 6.04 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Bond Trustee or the Authority to exercise any remedy reserved to it in this Article VI, it shall not be necessary to give notice, other than such notice as may be required in this Article VI. Such rights and remedies as are given the Authority hereunder shall also extend to the Bond Trustee

on behalf of the Holders of the Bonds, who shall be entitled to the benefit of all covenants and agreements herein contained.

SECTION 6.05 No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Loan Agreement should be breached by the Borrower and thereafter waived by the Authority or the Bond Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

SECTION 6.06 Agreement to Pay Fees and Expenses Upon Default. In the event the Borrower is in default under any provision of this Loan Agreement or causes an event of default under the other Borrower Documents, the Borrower shall be liable to, and upon demand shall pay to, the Bond Trustee all reasonable fees and disbursements of such Persons and its agents (including attorneys' fees and expenses) that are reasonably connected therewith or incidental thereto, except with respect to the Bond Trustee, such payment obligation shall be reduced to the extent such fees and disbursements are paid to the Bond Trustee from money available therefor under the Bond Indenture.

ARTICLE VII

PREPAYMENT

SECTION 7.01 Prepayment of the Loan.

(a) *General*. As further described below, the Borrower shall have the right, so long as all amounts which have become due hereunder have been paid, at any time or from time to time to prepay all or any part of its Loan Repayments and the Authority agrees that the Bond Trustee shall accept such prepayments when the same are tendered. Prepayments may be made by payments of cash or surrender of Bonds. All such prepayments (and the additional payment of any amount necessary to pay the applicable redemption price, if any, payable upon the redemption of Bonds) shall be deposited upon receipt in the applicable account of the Redemption Fund and, at the request of and as determined by the Borrower, credited against payments due hereunder or used for the redemption of Outstanding Bonds in the manner and subject to the terms and conditions set forth in Section 4.01 or Section 4.02 of the Bond Indenture. The Borrower also shall have the right to surrender Bonds acquired by it in any manner whatsoever to the Bond Trustee for cancellation, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired. Notwithstanding any such prepayment or surrender of Bonds, as long as any Bonds remain Outstanding or any Additional Payments required to be made hereunder remain unpaid, the Borrower shall not be relieved of its obligations hereunder.

(b) *Prepayment in Whole or in Part*. The Loan may be prepaid in whole or in part at any time by delivering to the Bond Trustee amounts sufficient to defease a like principal amount of Bonds to their optional redemption date pursuant to Section 4.02 and Article X of the Bond Indenture.

(c) *Prepayment in Whole or in Part from Amounts Transferred from Insurance and Condemnation Proceeds Fund.* The Loan may be prepaid in whole or in part at

any time in a principal amount corresponding to amounts transferred from the Insurance and Condemnation Proceeds Fund pursuant to the Bond Indenture and used to redeem Bonds at the option of the Borrower pursuant to the Bond Indenture.

(d) *Prepayment in Full from Amounts Deposited with Trustee in connection with School Charter Revocation.* The Loan may be prepaid in full at any time proceeds to be used to redeem Bonds at the option of the Borrower pursuant to Section 4.01(c) of the Bond Indenture.

SECTION 7.02 Redemption of Bonds Upon Prepayment. Upon prepayment of the Loan as provided in Section 7.01, the Bond Trustee shall do any of the following, as applicable: (1) call all or part of the Bonds for redemption, as required by the Bond Indenture in the respective amounts set forth in the applicable paragraph of Section 4.01 or Section 4.02 of the Bond Indenture and (2) provide for the defeasance of Bonds pursuant to Article X of the Bond Indenture.

SECTION 7.03 Amount of Prepayment. In the event of any prepayment pursuant to Section 7.01, the amount of the Loan deemed to be prepaid shall be equal to the principal amount of Bonds defeased or redeemed as described in Section 4.01 or Section 4.02 of the Bond Indenture. In the case of prepayment of the Loan in full, the Borrower shall pay to the Bond Trustee an amount sufficient, together with other funds held by the Bond Trustee and available for such purpose, to pay all reasonable and necessary fees and expenses (including attorneys' fees) of the Authority, the Bond Trustee and any paying agent accrued and to accrue through final payment of the Bonds and all other liabilities of the Borrower accrued and to accrue under this Loan Agreement and shall pay to the Authority an amount required by Section 3.02(d). In the case of partial prepayment of the Loan, the Borrower shall pay or cause to be paid to the Bond Trustee an amount sufficient, together with other funds held by the Bond Trustee and available for such purpose, to pay expenses of redemption of the Bonds to be redeemed upon such prepayment.

The Borrower agrees that it will not prepay the Loan or any part thereof, except in amounts sufficient to redeem Bonds in Authorized Denominations.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01 Notice. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or by messenger or overnight delivery service or by Electronic Notice, to the notice addresses set forth in the Bond Indenture.

A duplicate copy of each notice, certificate or other communication given hereunder by the Authority or the Borrower shall also be given to the Bond Trustee. The Authority, the Borrower and the Bond Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 8.02 Concerning Successors and Assigns. All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the execution and delivery of this Loan Agreement by the Authority and the Borrower. Whenever in this Loan Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower that are contained in this Loan Agreement shall bind its successors and assigns and inure to the benefit of the successors and assigns of the Authority.

SECTION 8.03 Governing Law; Venue. This Loan Agreement is a contract made under the laws of the State of California, and shall be governed by and construed in accordance with the Constitution and the laws applicable to contracts made and performed in said State. This Loan Agreement shall be enforceable in the State of California, and any action arising out of this Loan Agreement shall be filed and maintained in the Sacramento County Superior Court, Sacramento, California, unless the Authority waives this requirement.

SECTION 8.04 Amendments; Modifications in Writing. Except as otherwise provided in this Loan Agreement or the Bond Indenture, subsequent to the initial issuance of Bonds and prior to their payment in full, or provision for such payment having been made as provided in the Bond Indenture, this Loan Agreement may be effectively amended, changed, modified, altered or terminated only as permitted under the Bond Indenture, by written instrument executed by the parties hereto. The Authority hereby agrees that it will not consent to an amendment of the Bond Indenture without the approval of the Borrower.

SECTION 8.05 Captions. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Loan Agreement.

SECTION 8.06 Severability. In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 8.07 Counterparts. This Loan Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 8.08 Effective Date and Term. This Loan Agreement shall become effective upon its execution and delivery by the Parties hereto, shall remain in full force from the date thereof and, subject to the provisions hereof, shall continue in effect as long as any of the Bonds are outstanding or the Bond Trustee holds any money under the Bond Indenture.

SECTION 8.09 Non-Liability of Authority. The Authority shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from Loan Repayments and other amounts received by the Bond Trustee under the Bond Indenture. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Authority or any member is pledged to the payment of the principal (or redemption price) or interest on the Bonds. Neither the Authority nor its members, officers, directors, officials, agents, attorneys, or employees shall be liable for any costs, expenses, losses,

damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Bonds or the Bond Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Loan Agreement.

The Borrower hereby acknowledges that the Authority's sole source of moneys to repay the Bonds will be provided by the payments made by the Borrower to the Bond Trustee pursuant to this Loan Agreement, together with other amounts received by the Bond Trustee pursuant to the Bond Indenture and investment income on certain funds and accounts held by the Bond Trustee under the Bond Indenture, and hereby agrees that if such amounts shall ever prove insufficient to pay all principal (or redemption price) and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon notice from the Bond Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or redemption price) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Bond Trustee, the Borrower, the Authority or any third party, subject to any right of reimbursement from the Bond Trustee, the Authority or any such third party, as the case may be, therefor.

SECTION 8.10 Waiver of Personal Liability. No member, officer, director, official, agent, attorney, or employee of the Borrower, the Member of the Obligated Group, MERF, the School or of the Authority shall be individually or personally liable for the payment of any principal (or redemption price) or interest on the Bonds or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

SECTION 8.11 No Prevailing Party Provision. Nothing in this Loan Agreement shall be construed to provide for award of attorneys' fees and costs to the Authority or the Borrower for the enforcement of this Loan Agreement as described in Section 1717 of the Civil Code. Nothing in this Section affects the rights of the Bond Trustee provided herein.

SECTION 8.12 Transaction by Electronic Means. Each of the parties hereto agrees that the transaction consisting of this agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this agreement using an electronic signature, it is signing, adopting, and accepting this agreement and that signing this agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this agreement in a usable format.

SECTION 8.13 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority, the Bond Trustee, the Borrower and their respective successors and assigns, subject, however, to the limitations contained in Section 8.02 hereof.

SECTION 8.14 Survival of Covenants. Notwithstanding the payment in full of the Bonds, the discharge of the Bond Indenture, and the termination or expiration of this Loan

Agreement, all provisions in this Loan Agreement concerning (a) the tax-exempt status of the Tax-Exempt Bonds (including, but not limited to provisions concerning rebate), (b) the interpretation of this Loan Agreement in Section 1.02 hereof, (c) the governing law and venue in Section 8.03 hereof, (d) the Authority's right to rely on facts or certificates, (e) the non-liability of the Authority in Section 8.09 hereof, (f) the immunity of the Authority's members, directors, officers, officials, employees, attorneys and agents in Section 8.10 hereof, and (g) indemnification in Section 3.04 hereof, shall survive and remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement as of the date stated above.

CALIFORNIA SCHOOL FINANCE AUTHORITY

By: _____
Deputy Treasurer For Chairperson,
State Treasurer, Fiona Ma

By: _____
Executive Director

MAGNOLIA PROPERTIES MANAGEMENT, INC.,
a California nonprofit public benefit corporation

By: _____
Alfredo Rubalcava
Chief Executive Officer

[Signature page of Loan Agreement]

4163-5775-0893.4

ACKNOWLEDGED AND AGREED TO BY

[SIGNATURE BLOCKS FOR OWNERS OF FACILITIES]

EXHIBIT A

THE PROJECT

The "Project" shall consist of the financing and/or refinancing of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of the charter school educational facilities known as (i) Magnolia Science Academy 2 ("Magnolia 2") located at 16600 Vanowen Street, Los Angeles, California 91406 and (ii) Magnolia Science Academy 7 ("Magnolia 7") located at 18120 Sherman Way, Los Angeles, California 91335 (together, the "Project"). Each of the foregoing facilities is operated by Magnolia Educational & Research Foundation as a public charter school.

LEASE AGREEMENT

between

MPM 18120 SHERMAN WAY LLC
a California limited liability company,
as Lessor

and

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION
a California nonprofit public benefit corporation,
as Lessee

for the use and occupation of the subject premises
in the operation of the charter school known as

MAGNOLIA SCIENCE ACADEMY 1

dated as of [November 1, 2026]

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LEASE AGREEMENT

This LEASE AGREEMENT ("**Lease**") dated, for reference purposes only, as of [November 1, 2026,] is made by and between MPM 18120 SHERMAN WAY LLC, a California limited liability company ("**Lessor**"), and MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION, a California nonprofit public benefit corporation ("**Lessee**") (Lessor and Lessee being sometimes referred to herein collectively as the "**Parties**" and individually a "**Party**"). This Lease is for the use and occupancy of the subject Premises by Lessee in the operation of the charter school known as "Magnolia Science Academy 1," CDS #19-10199-6119945, or such other charter school as Lessee primarily may operate on the Premises (the "**School**").

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged: the Parties hereby agree as follows:

1. Basic Provisions.

1.1 Premises. The real property and improvements thereon (the "**Improvements**") commonly referred to as 18120 Sherman Way, Reseda, California 91335 and legally described in Exhibit A are referred to herein as the "**Premises**."

1.2 Term. The term of this Lease (the "**Term**") shall commence on the date of the funding of the Loan (as defined below) (the "**Commencement Date**"), and shall end on [June 30, 2061], (the "**Expiration Date**"). (See also Section 3 below.) In accordance with the terms of the Loan Agreement (as defined in Section 1.5 below), this Lease may be terminated by Lessee by Lessee's depositing with the Master Trustee (as defined in Section 1.5 below) sufficient cash or securities to redeem or defease the entire principal amount of the Bonds (as defined in Section 1.5 below), together with accrued interest to the redemption date.

1.3 Extension Option. Not applicable.

1.4 Rent. During the Term, Rent, as described in Section 4.1, shall be payable by Lessee to Lessor.

1.5 The Bonds. The California School Finance Authority ("**Lender**") is making a loan (the "**Loan**") to Magnolia Properties Management, Inc., a California nonprofit public benefit corporation the "**Borrower**"), pursuant to a Loan Agreement dated as of [November 1, 2026], (the "**Loan Agreement**"), by and between Lender and the Borrower. The Loan will be funded by the proceeds of Lender's California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026C and California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2025D (Taxable) (collectively, the "**Bonds**") to be issued pursuant to an Indenture (the "**Indenture**") between Lender and UMB Bank, National Association, as Trustee (the "**Bond Trustee**").

The Borrower, as the Obligated Group Representative, MPM Sherman Way LLC, a California limited liability company, MPM Santa Ana LLC, California limited liability company, and MPM San Diego LLC, California limited liability company, as the initial members of an obligated group (the "Obligated Group"), and UMB Bank, National Association, as master trustee (the "Master

Trustee"), entered into a Master Indenture of Trust dated as of April 1, 2025, (as amended or supplemented the "Master Indenture"), which Master Indenture has been supplemented by Supplemental Master Indenture for Obligation No. 1 dated as of April 1, 2025, and by Supplemental Master Indenture for Obligation No. 2 dated as of March 1, 2026.

In connection with the issuance of the Bonds, the Borrower, as the Obligated Group Representative, the Lessor, MPM 16600 Vanowen Street LLC, a California limited liability company ("Vanowen LLC"), and the Master Trustee will enter into a Supplemental Master Indenture for Obligation No. 3 ("Supplemental MTI No. 3") and, pursuant to Supplemental MTI No. 3, the Lessor and Vanowen LLC will become new members of the Obligated Group and the Obligated Group Representative will issue its Obligation No. 3 in the principal amount of the Bonds in favor of the Bond Trustee. The Loan Agreement, the Indenture, the Master Indenture, the Supplemental Master Indenture for Obligation No. 3, Obligation No. 3, and any related documents and instruments are collectively referred to herein as the "**Bond Documents."**

1.6 Refinancing of Loan. Upon any refinancing of the Loan, the term "Loan Agreement" shall thereafter refer to the agreement for the refinancing of the Loan, the term "Loan" thereafter shall refer to the refinancing loan, and the term "Lender" thereafter shall refer to the lender making the refinancing loan, but otherwise all of the terms, covenants and conditions of this Lease shall remain unmodified and in full force and effect.

1.7 The Intercept. In order to provide for secure and orderly payment of the Base Rent component of Rent and for the payment of the Bonds out of such Base Rent payments, simultaneously with the execution and delivery of this Lease, Lessee shall deliver or cause to be delivered an Intercept Notice, substantially in the form set forth in Exhibit D attached hereto (the "**Intercept Notice**"), to the State Controller of the State of California (the "**State Controller**") to indicate transfers to the Bond Trustee to pay certain amounts due under this Lease as they come due. Amounts specified in the Intercept Notice for transfer to the Bond Trustee shall be limited to funding apportioned for purposes of the charter school block grant or the local control funding formula pursuant to Section 42238.02 of the Education Code of the State of California (the "**State Apportionments**"). Lessee shall, amend, supplement or restate the Intercept Notice and deliver such to the State Controller from time to time as necessary or appropriate to cause transfers to the Bond Trustee to pay any changed amount of Base Rent due under this Lease (including without limitation changes resulting from redemption or defeasance of Bonds prior to maturity) and to cure any delinquency in payment of such amounts, and shall deliver such amended, supplemented, or restated Intercept Notice to the State Controller not later than the twentieth (20th) calendar day of the month immediately preceding the month with respect to which such payment is due. Lessee will cooperate with the Bond Trustee in any manner the Bond Trustee may request in connection with amending, supplementing, or restating the Intercept Notice. If at any time, the Intercept Notice is amended, supplemented, or restated for any reason, Lessee shall promptly provide Lessor and the Bond Trustee with a copy of such amended, supplemented, or restated Intercept Notice. The Intercept Notice may provide additional amounts payable to the Bond Trustee for purposes set forth in the Indenture; provided, that Lessee shall not grant preference or any prior right of funding access or security in respect of the State Apportionment to any other payment indicated in the Intercept Notice or any other notice delivered pursuant to Section 17199.4 of the Education Code of the State of California. All deposits of moneys derived from payments by the State Controller pursuant to the Intercept Notice from time to time shall be made at the corporate trust

office of the Bond Trustee set forth in the Intercept Notice. Lessee shall timely amend, supplement, or restate the Intercept Notice to require transfers to such other location as shall be designated in writing by the Bond Trustee to Lessee.

1.8 Capitalized Terms. Unless the context of its use clearly requires otherwise, each capitalized term that is defined in the Loan Agreement, the Indenture, the Master Indenture or, if not defined therein, in the Supplemental Master Indenture for Obligation No. 3 and that is used but not otherwise defined herein has the meaning given to such term in the Loan Agreement, the Indenture, the Master Indenture or, if not defined therein, in the Supplemental Master Indenture for Obligation No. 3.

2. Premises.

2.1 Letting. Lessor hereby leases and hires to Lessee, and Lessee hereby leases and hires from Lessor, the Premises, for the Term, at the Rent, and upon and subject to all the terms, covenants and conditions set forth in this Lease.

2.2 Condition of Premises. Lessee currently occupies the Premises pursuant to the terms of the Prior Leases. On the Commencement Date, Lessee accepts the Premises in its as-is condition.

3. Term.

3.1 Term. The Lease Commencement Date, Expiration Date and Term of this Lease are as specified in Section 1.2.

4. Rent; Additional Rent; Expenses.

4.1 Rent Defined. Subject to the terms of this Lease, "**Rent**" is defined as and shall consist of the sum of (i) Base Rent, (ii) Additional Rent, and (iii) Expenses (all as defined below), together with all other monetary obligations of Lessee to Lessor or to third parties arising under the terms of this Lease.

4.2 Base Rent. "Base Rent" is listed in Schedule B to this Lease. So long as the Loan is outstanding, during the term of this Lease, the "Base Rent" shall be payable in accordance with the schedule set forth in Exhibit B, subject to downward adjustment in the event of any redemption or defeasance of all or a portion of the Bonds or prepayment of all or a portion of the Loan. In the event of redemption or defeasance of all the Bonds prior to the Expiration Date such that no Bonds remain outstanding and prepayment of all the Loan prior to the Expiration Date and without termination of this Lease, commencing on the first day of the first calendar month following such defeasance, redemption or full prepayment, the Base Rent shall be $100.00 per month.

4.3 Additional Rent. Lessee shall be responsible for the payment of Additional Rent. Additional Rent shall be paid to Lessor on demand or, if such Additional Rent is ongoing and can be calculated on a periodic basis, on a monthly basis pursuant to a written schedule from time to time delivered by Lessor. The amount projected as Additional Rent during the Term is as set forth on Exhibit B. "Additional Rent" shall include the following:

(a) Additional Payments and all other amounts required to reimburse Lessor, or satisfy Lessor's obligations, for any fees, expenses, taxes, indemnities, assessments or other payments that the Lessor is obligated to pay under the terms of the Loan Agreement, including, but not limited to, such amounts as are described in the Loan Agreement.

(b) Any other amounts (other than payments due on the Bonds) required to be paid by Lessor in order for Lessor to meet its obligations under the Bond Documents on a full and timely basis.

4.4 Extraordinary Monthly Rent. [Not applicable].

4.5 Expenses. Lessee shall be responsible for all Expenses, which Lessee shall pay directly to the providers of any of the items comprising Expenses prior to delinquency, or shall pay to or reimburse Lessor within thirty (30) days after receiving a statement from Lessor itemizing (with reasonable description) all charges included thereon. "**Expenses**" shall mean all costs and expenses of the ownership, operation, maintenance, repair or replacement, and insurance of the Premises (referred to in this Section 4.5 as the "**Facility**"), as determined by standard accounting practices, including, by way of illustration only, and not by way of limitation, to the extent they apply to the Facility, the aggregate of the "Maintenance Expenses" and the "General Expenses" set forth below:

(i) "**Maintenance Expenses**" means all costs of maintaining and repairing the Facility, the parking area, athletic fields and other portions of the Facility, deferred maintenance, installing or extending service systems and other built-in equipment, and improving the Facility, including without limitation all of the following:

a. All maintenance, replacement and repair costs of air conditioning, heating and ventilation equipment and systems, elevators (if any), landscaping, service areas, parking lots, athletic fields, building exteriors (including painting), signs and directories, repairing and replacing roofs, walls, structural components of the Facility, and cost of compliance with applicable laws (including any required upgrades or retrofitting).

b. Supplies, materials, labor, equipment, and utilities used in or related to the repair and maintenance of the Facility and any common areas.

c. Capital improvements made to the Facility (whether funded in full or amortized with reasonable financing charges) which may be required by any government authority or which will improve the operating efficiency of the Facility.

d. Amounts payable under a Ground Lease that are similar in nature to the foregoing.

(ii) "**General Expenses**" means all of the following, to the extent not included in Maintenance Expenses:

a. Gross receipts taxes, whether assessed against Lessor or assessed against Lessee and collected by Lessor.

b. Water, sewage, and waste or refuse removal charges.

c. Gas, electricity, telephone and other utilities.

d. The cost of monthly or annual contracts for systems or services such as alarm systems, security systems, internet services, janitorial services or landscaping services.

e. All janitorial, cleaning, landscaping, sweeping and repair services relating to the Facility.

f. The costs of signs and directories.

g. The cost of compliance with applicable laws.

h. Reasonable costs incurred by Lessor for operating expenses, including the day-to-day management (if any), including the cost of management personnel (if any), together with any of Lessor's administrative expenses such as state filings, preparation of tax returns or notices, and all taxes, charges, or fees in connection therewith to the extent related to the Facility.

i. Real Property Taxes (as defined in Section 10.1 below) and personal property taxes (as described in Section 10.3 below), if any.

j. Amounts required to be paid as deductibles in connection with any insurance required under the Bond Documents.

k. Any other costs or expenses incurred by Lessor under this Lease, excluding depreciation of the Facilities.

l. Amounts payable under a Ground Lease that are the responsibility of the Lessor and not otherwise paid pursuant to any other provisions of this subsection.

4.6 Property Tax. Lessee shall use the Premises exclusively for public school purposes, and therefore the Premises may be exempt from ad valorem property taxes. Lessee shall be responsible for the application to the Los Angeles County Tax Assessor for such tax exemption on an annual basis. Lessor shall cooperate with Lessee in obtaining such exemption, and shall execute any application for a tax exemption for the Premises. Any tax refunds and/or tax exemptions received by or granted to Lessor, based on Lessee's tax-exempt status or use of the Premises exclusively for public school purposes during the term of this Lease, shall be credited toward Lessee's Expenses payable under this Lease.

4.7 Payment. All Rent required to be paid in monthly installments shall be paid as specified in Exhibit B. All Rent shall be paid in lawful money of the United States, without any abatement, deduction or offset whatsoever (except as specifically provided herein), and without any prior demand therefore. All Rent shall be paid to the Master Trustee for deposit in the Gross Revenue Fund (as that term is defined in the Bond Documents), and at such address as the Master

Trustee notifies Lessee, or at such other place as Lessor may designate from time to time, with the approval of the Master Trustee as long as Lessor has any obligations pursuant to the terms of the Bond Documents. Notwithstanding the foregoing, Lessee shall receive a credit for Rent owed to Lessor to the extent the Bond Trustee receives monies on behalf of Lessee under the Intercept. Rent for any period during the Term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Subject to the terms of the Bond Documents, and so long as any of the Bonds or the Loan remains outstanding, Lessee shall, through the Intercept Notice, cause the State Controller to transfer the portion of the State Apportionment described in the Intercept Notice and attributable to the School to the Bond Trustee for deposit in the Revenue Fund (as defined in the Indenture). Lessor shall have the right, but not the obligation, to collect and impound, in advance, any or all components of Expenses or other Rent based upon Lessor's reasonable estimate of Lessee's future liability for such amounts for any calendar year or other period selected by Lessor. At the end of the calendar year or other period with respect to which any such estimate was prepared, Lessor shall reconcile Lessee's actual obligation for such component of Expenses or other Rent and the estimated amounts previously paid by Lessee.

4.8 Late Charge and Interest on Rent in Default. If any Rent is not received by or one behalf of Lessor from Lessee within ten (10) calendar days after Lessor has notified Lessee in writing that payment has not been received by Lessor, then Lessee shall immediately pay to Lessor a late charge equal to five percent (5%) of such delinquent rent as liquidated damages for Lessee's failure to make timely payment, by paying such sum to the Master Trustee for deposit in the Gross Revenue Fund. In no event shall this provision for a late charge be deemed to grant to Lessee a grace period or extension of time within which to pay any rent or prevent Lessor from exercising any right or remedy available to Lessor upon Lessee's failure to pay any rent due under this Lease in a timely fashion. If any Rent remains delinquent for a period in excess of thirty (30) days then, in addition to such late charge, Lessee shall pay to Lessor interest on any rent that is not paid when due at the Default Interest Rate from the date such amount became due until paid by paying such sum to the Master Trustee by depositing the same in the Gross Revenue Fund.

4.9 Budgeting Rent. Without limiting the provisions of Exhibit C, Lessee covenants to take such action as may be necessary to include all such payments of Rent due hereunder in its annual budgets, to make, as necessary, annual appropriations for all such payments and to take such action annually as shall be required to provide funds in such year for such payments of Rent.

4.10 Accounting. Without limiting the provisions of Exhibit C, if Lessor requests in writing, Lessee agrees to provide Lessor with an annual, or more frequent, accounting of the Expenses paid for Lessee's most recent fiscal year.

5. Mandatory Covenants.

5.1 Specific Covenants Related to the Loan. For so long as the Loan is outstanding and has not been defeased or for so long as any obligations under the Loan Agreement remain outstanding, the provisions of Exhibit C shall be applicable for the benefit of Lessor and the Lender.

6. Use.

6.1 Agreed Use. In addition to any other restrictions on Lessee's use of the Premises, the Premises shall be used by Lessee primarily for the operation of the School, secondarily for the operation of other charter schools operated by Lessee, for any related and ancillary school and educational purposes, any related administrative purposes, and any related incidental legal uses. Notwithstanding the foregoing, Lessee shall use and occupy the Premises only for "educational facilities" as defined in Section 17173(f) of the Education Code of the State of California in order to operate a charter school that is exempt from federal income taxation under Section 501(a) of the Internal Revenue Code (the "**Code**") as an organization described in Code Section 501(c)(3) and that qualifies as an "educational organization" as described under Code Section 170(b)(1)(A)(ii); provided that Lessee shall not rent the Premises as residential rental property to others, or permit any sublessee to rent the Premises as residential rental property to others.

6.2 Hazardous Substances. Without limiting the generality of the foregoing, Lessee shall comply with all obligations and the Bond Documents related to Hazardous Substances and Environmental Regulations, to the extent applicable to the Premises or Lessee's use and occupancy thereof.

7. Maintenance; Repairs.

7.1 Lessee Fully Responsible. During the Term, except in cases of damage or destruction due to casualty loss, or in the event of Condemnation, and except in case of the initial construction of the Improvements, all repair, maintenance, restoration, retrofitting, construction or reconstruction with respect to the Improvements shall be the sole responsibility of Lessee, and Lessor shall have no duty to undertake any such repair, maintenance, restoration, retrofitting, construction or reconstruction, or to pay any costs of the same. Provided, however, that Lessor shall provide Lessee access to the moneys in the Repair and Replacement Fund, and to any moneys in the Insurance and Condemnation Proceeds Fund to the extent necessary or appropriate to pay the costs of or to reimburse Lessee for its obligations hereunder, in accordance with the terms and provisions of the Indenture related to the Repair and Replacement Fund and the Insurance and Condemnation Proceeds Fund.

7.2 Compliance With Applicable Requirements. If any applicable building codes, applicable laws, covenants or restrictions of record, regulations, and ordinances (the "**Applicable Requirements")** require, during the Term, the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises, Lessee hereby agrees to undertake and complete such construction, alteration, remediation, reinforcement or other modification, and the costs therefor shall be incurred solely by Lessee.

7.3 Liens. Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in, on, or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee

shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof.

7.4 Ownership of Improvements; Removal; Surrender; and Restoration.

(a) **Ownership.** All Improvements shall be the property of Lessor. Any additional improvements constructed and paid for by Lessee itself shall, at the expiration or termination of this Lease, at the option of Lessor, (i) be removed by Lessee or (ii) become the property of Lessor and be surrendered by Lessee with the Premises

(b) **Surrender and Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the parts, and surfaces thereof broom clean and free of debris, and in good operating order, condition, and state of repair, ordinary wear and tear excepted. Lessee shall repair any damage occasioned by the installation, maintenance, or removal of any of its furnishings, and equipment. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire.

8. Insurance; Indemnity.

8.1 Liability. Lessee shall keep in force such liability insurance policies and in such amounts as required to meet the requirements of the Bond Documents. The premium for such insurance shall be paid by Lessee and shall be deemed an "Expense" hereunder.

8.2 Property. Lessee shall obtain and keep in force a policy or policies of property insurance in the name, and for the benefit, of Lessor, with loss payable to Lessor or, if required under the Bond Documents, to any lender, including the Bond Trustee and the Master Trustee, insuring loss or damage to the Premises. The amount of such insurance shall meet the requirements of the Master Indenture. The premium for such insurance shall be paid by Lessee and shall be deemed an "Expense" hereunder.

8.3 Rental Interruption. Lessee shall also obtain and keep in force, for the benefit of Lessor, rental interruption insurance insuring Lessor for the amounts of Base Rent arising from an interruption of the payment of the Base Rent, Additional Rent and Expenses otherwise payable by Lessor hereunder covering a period of at least 12 months. The limits of such insurance shall be based upon the highest monthly amount of Base Rent and Additional Rent shown on Exhibit B, as revised from time to time. The premium for such insurance shall be paid by Lessee and shall be deemed an "Expense" hereunder.

8.4 Waiver of Subrogation. Without affecting any other rights or remedies, Lessee and Lessor each hereby releases and relieves the other, and waives its entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.5 Indemnity. Except for Lessor's negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, partners, members, directors, and officers, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified. The provisions of this Section 8.5 shall survive the termination of this Lease.

8.6 Exemption of Lessor from Liability. Unless caused by Lessor's negligence or willful misconduct, Lessor shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or from other sources or places.

8.7 Insurance Requirements of Bond Documents. The foregoing notwithstanding, for so long as the Loan is outstanding, Lessee shall be deemed to meet its insurance obligations as set forth in this Section 8.7 if it carries, and it hereby agrees to carry, the insurance required to meet the terms of the Bond Documents, as such requirements may change from time to time. Without limiting the foregoing, for so long as the Loan is outstanding, Lessee shall cause the Bond Trustee, Master Trustee and Lessor to be named as additional insureds on Lessee’s liability insurance and the Bond Trustee and Master Trustee as mortgagees and loss payees on property insurance policies.

9. Damage or Destruction.

9.1 Definitions.

(a) “**Damage**” shall mean damage or destruction to the improvements on the Premises from fire or other casualty.

(b) “**Insured Loss**” shall mean Damage that was caused by an event required to be covered by the insurance described in Section 8, irrespective of any deductible amounts or coverage limits involved.

9.2 Damage. Subject to the terms of the Master Indenture, Lessor shall be entitled to any and all insurance proceeds that are available as a result of any Insured Loss, and shall make such insurance proceeds available to Lessee, which shall proceed to reconstruct the Improvements subject to such Damage to their condition existing immediately prior to the Damage, utilizing available insurance proceed and any amounts voluntarily contributed by Lessee. If Lessor elects not to undertake such restoration, Lessee may (i) if such damage is material, terminate this Lease by providing written notice to Lessor, and to the Bond Trustee, Master Trustee and Lender, within

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30 days after receipt by Lessee of Lessor's notice of its election not to undertake such restoration, or (ii) using available insurance proceeds, restore and rebuild the Premises, so long as the following conditions are met:

(a) The amount of insurance proceeds that are available for restoration, plus any funds that may have been deposited by Lessee, are sufficient to restore and rebuild the Premises to their character, condition and utility immediately prior to the casualty (or to such other condition as Lessee reasonably demonstrates will generate sufficient revenue for Lessee to meet its obligation to pay all Rent thereafter accruing);

(b) The amount of available proceeds of rental interruption insurance plus any funds deposited by Lessee equals an amount determined by Lessor to be sufficient to pay the Rent accruing during the period between the date of such casualty and the date the restoration or rebuilding is substantially completed.

(c) The restoration or rebuilding is estimated by Lessor to be completed at least twelve (12) months prior to the Maturity Date of the Bonds.

(d) In lieu of making any deposit of funds as described above, Lessee shall have the right to provide other assurances of the payment of restoration costs and Rent acceptable to Lessor in its sole discretion, such as a letter of credit.

9.3 Damage—Uninsured Loss. If Damage that is not an Insured Loss occurs, (a) Lessee may repair such damage as soon as reasonably possible at Lessee's expense, in which event this Lease shall continue in full force and effect or, (b) if Lessee elects not to undertake such repair, and such Damage is material, Lessor or Lessee may terminate this Lease by providing written notice to the other party, and to the Bond Trustee, Master Trustee and Lender, within 30 days after receipt by Lessor of knowledge of the occurrence of such Damage.

9.4 Waive Statutes. Lessor and Lessee agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises with respect to the termination of this Lease and hereby waive the provisions of any present or future statute to the extent inconsistent herewith, including California Civil Code Sections 1932(2) and 1933(4).

10. Real Property Taxes.

10.1 Definition. As used herein, the term "**Real Property Taxes**" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Premises, Lessor's right to other income therefrom; and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the address of the Premises and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Premises is located. Real Property Taxes shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the Term of this Lease, including but not limited to, a change in the ownership of the Premises, and (ii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

10.2 Payment of Taxes. Lessee shall timely file for exemption from any Real Property Taxes and shall maintain such exemption during the Term. In any event, Lessee shall pay, before the same become past due, the Real Property Taxes applicable to the Premises during the Term to the extent any such Real Property Taxes are charged, levied, assessed, or imposed.

10.3 Personal Property Taxes. Lessee shall timely file for exemption from any taxes on fixtures, furnishings, equipment, and other personal property of Lessee and shall maintain such exemption during the Term. Lessee shall pay, prior to delinquency, all such taxes to the extent they are charged, levied, assessed, or imposed after an exemption for such taxes is filed as required hereunder.

11. Assignment and Subletting.

11.1 By Lessee. Lessee shall not sublease, assign, mortgage, pledge, hypothecate or encumber this Lease or any of Lessee's interest hereunder without the prior written consent of Lessor (which shall not be unreasonably withheld). Lessee acknowledges that, pursuant to the Bond Documents, Lessor may be required to obtain the Lender's approval to a sublease, assignment or other transfer of Lessee's interest in this Lease and that Lessor's disapproval shall be deemed reasonable if based on any such disapproval by Lender. Lessee acknowledges that the financing of the Premises through the Tax-Exempt Bonds may restrict the assignees which could be approved by Lessor. In addition, Lessee shall not Lease, assign, mortgage, pledge, hypothecate, or encumber this Lease unless it receives an Opinion of Bond Counsel confirming that such action will not result in use or operation of the Premises not in conjunction with a charter school under the Act.

11.2 By Lessor. Lessee acknowledges that Lessor's interest in the Premises is subject to a deed of trust in favor of the Master Trustee and that certain of the Lessor's rights under this Lease are assigned to the Master Trustee as security for the Bonds under the Master Indenture of Trust.

12. Default; Event of Default; Remedies.

12.1 Default; Event of Default. A "**Default**" is defined as a failure by Lessee to comply with or perform any of the terms, covenants or other obligations of Lessee under this Lease. An "**Event of Default**" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises.

(b) The failure of Lessee to make any payment of Rent required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond required hereunder, or to fulfill any obligation under this Lease that endangers or threatens life or property, where such failure continues for a period of ten (10) business days following written notice to Lessee.

(c) Any material representation or warranty made in this Lease, or in any report, certificate, financial statement, or instrument furnished in connection with this Lease, proves to have been false or misleading when made, in any material respect, and is not promptly corrected.

(d) Except as provided in Section 3 of Exhibit C attached hereto, Lessee violates or fails to observe or perform any of the financial covenants of Lessee set forth in Section 3 of Exhibit C attached hereto and fails to cure the same within any notice or grace period contained in Exhibit C.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, other than those described in subparagraphs 12.1(a) through (d) above, where such Default continues for a period of thirty (30) days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Default if Lessee commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) Lessee's making of any general arrangement or assignment for the benefit of creditors; (ii) Lessee's becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 90 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within sixty (60) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within sixty (60) days; provided, however, in the event that any provision of this subparagraph (g) is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

12.2 Remedies. Upon the occurrence of any Event of Default, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy that Lessor may have by reason of such Event of Default:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent that had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid Rent that would have been earned after termination until the time of award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss that Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees of Lessor and the Authorities, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises is located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Event of Default of this Lease shall not waive Lessor's right to recover damages under

Section 12. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Section 12.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Section 12.1. In such case, the applicable grace period required by Section 12.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and an Event of Default under this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue this Lease and Lessee's right to possession and recover the Rent as it becomes due. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect Lessor's interests, shall not constitute a termination of Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises is located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under this Lease, including under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

12.3 Default Interest. Any monetary payment due Lessor hereunder not received by Lessor when due as to scheduled payments (such as Base Rent) or within thirty (30) days following the date on which it was due for non-scheduled payments, shall bear interest computed at the rate of 10% per annum (but not in excess of the maximum rate allowed by law) ("**Default Interest Rate**") from the date when due as to scheduled payments, or the 31st day after it was due as to non-scheduled payments.

12.4 Lessor Self Help. If Lessee fails to perform any of its affirmative duties or obligations (other than compliance with the covenants and financial reporting requirements pursuant to Section 5 and Exhibit C), Lessor may, at its option, perform such duty or obligation on Lessee's behalf including, but not limited to, the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor.

13. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs, and Expenses thereafter shall be limited to those applying to the remaining Premises subject to this Lease. Subject to the terms of the Loan Agreement, in the event that there is a Condemnation of less than all of the Premises, and such portion so taken is material to Lessee's use and quiet enjoyment of the Premises as a whole, then all available Condemnation awards and/or payments shall be used first, to restore the remaining portion of the Premises to a usable whole, and second, to reduce the balance of any loan made to Lessor and secured by the Premises in proportion to the portion taken or sold. Any portion of the award and/or payment that remains after the foregoing purposes have been satisfied shall be the

property of Lessor. Subject to the terms of the Loan Agreement, if the entirety of the Premises is taken, then the Condemnation awards and/or payments shall be the property of Lessor.

14. Estoppel Certificates. Each Party (as "**Responding Party**") shall within ten (10) days after written notice from the other Party (the "**Requesting Party**") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "**Estoppel Certificate**" form published by the AIR Commercial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

15. Definition of Lessor. The term "**Lessor**" as used herein shall mean the owner or owners at the time in question of the Lessor's interest under this Lease. Upon any transfer of such interest in the Premises, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the succeeding Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by Lessor shall be binding only upon Lessor as hereinabove defined.

16. Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

17. Days. Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days. "**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in the city in which the Principal Corporate Trust Office (as defined in the Indenture) is located are authorized or obligated by law or executive order to be closed.

18. Limitation on Liability. The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease. No member, officer, agent or employee of Lender or any director, officer, agent or employee of the Bond Trustee, Master Trustee, Lessor or Lessee shall be individually or personally liable for the payment of any amounts hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Lease; but nothing herein contained shall relieve any such member, director, officer, agent or employee form the performance of any official duty provided by law or this Lease.

19. Time of Essence. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

20. No Prior or Other Agreements. Subject to the terms of the Bond Documents, this Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Each Party represents and warrants that the execution of this Lease will not, to the best of the Party's knowledge, constitute a violation under any material agreements to which such Party is a party.

21. Notices.

21.1 Notice Requirements. Unless otherwise provided herein, all notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given (a) if hand delivered or delivered by courier, when delivered to the appropriate notice address, or (b) if mailed by first class mail, postage prepaid, six Business Days after deposit in the United States mail addressed to the appropriate notice address. Any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Days. The parties listed below may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice required or permitted hereunder shall be directed to the following notice address:

21.2 Addresses.

Lessor:

MPM 18120 SHERMAN WAY LLC
c/o MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION
250 East 1st Street, Suite 1500
Los Angeles, CA 90012
Attention: Chief Executive Officer

Lessee:

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION
250 East 1st Street, Suite 1500
Los Angeles, CA 90012
Attention: Chief Executive Officer

Lender (during the time the Loan is outstanding):

CALIFORNIA SCHOOL FINANCE AUTHORITY
State Treasurer's Office
300 S. Spring Street, Suite 8500
Los Angeles, California 90013
Attention: Executive Director

22. Waivers. No waiver by Lessor of the Default or Event of Default of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Event of Default by Lessee of the same or of any other term, covenant or condition hereof.

23. No Right To Holdover. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 110% of the Base Rent applicable immediately

preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

24. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

25. Covenants and Conditions; Construction of Agreement. All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

26. Binding Effect; Choice of Law. This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State of California. Any litigation between the Parties hereto concerning this Lease shall be initiated in the County of Los Angeles; provided, that any litigation in which Lender is a party concerning this Lease shall be initiated in Sacramento County, California.

27. Lessor's Access; Showing Property; Repairs. Lessor shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times after two (2) Business Days' prior notice for the purpose of inspecting the Premises, verifying compliance by Lessee with this Lease or exercising its self-help rights under Section 12.4.

28. Quiet Possession. Subject to payment by Lessee of the Rent and performance of all the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the Term hereof.

29. Counterparts. This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. This Lease may be executed by the delivery of separately signed counterpart signature pages. A party's delivery by electronic transmission of the party's manually or electronically signed counterpart signature page to this Lease shall be deemed as effective as the party's physical delivery of a manually signed counterpart signature page.

30. Amendments. Subject to the terms of the Master Indenture of Trust, this Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a lender in connection with the obtaining of normal financing or refinancing of the Premises.

31. Limitation of Rights to Parties. Except as otherwise provided herein, nothing in this Lease is intended or shall be construed to give to any person other than Lessor and Lessee any legal or equitable right, remedy or claim under or in respect of this Lease or any covenant, condition or provision herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of Lessor and Lessee.

32. CASp Disclosure. California Civil Code Section 1938 may require Lessor to notify Lessee whether the Premises has undergone inspection by a Certified Access Specialist ("**CASp**"), as defined in California Civil Code Section 55.52. Lessor hereby states to Lessee that, as of the date this Lease is executed, the property of which the Premises is a part has not undergone such inspection. A CASp can inspect the Premises and determine whether the Premises comply with all the applicable construction related accessibility standards under California state law. Although California state law does not require a CASp inspection of the Premises, the Lessor may not prohibit Lessee from obtaining a CASp inspection of the Premises for the occupancy or potential occupancy of Lessee, if requested by Lessee. The Parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction related accessibility standards within the Premises.

(Signatures on next page)

(Signature page of Lease Agreement)

The Parties hereto have executed this Lease as of the day and year first written above.

LESSOR:

MPM 18120 SHERMAN WAY LLC,
a California limited liability company

By: MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION,
a California nonprofit public benefit corporation,
its Manager

By: _____
Alfredo Rubalcava
Chief Executive Officer

LESSEE:

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION,
a California nonprofit public benefit corporation

By: _____
Alfredo Rubalcava
Chief Executive Officer

EXHIBIT A

Legal Description of Premises

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOS ANGELES IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

LOTS 3 AND 4 OF TRACT 22490, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 615 PAGES 84 AND 85 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THAT PORTION OF SAID LOT 4 LYING EASTERLY OF THE SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF LOT 2 OF TRACT 22490.

PARCEL 2:

THAT PORTION OF LOT 1 OF TRACT 23051, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 635 PAGE 3 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE WESTERLY TERMINUS OF THAT CERTAIN COURSE SHOWN ON LOT 4 AS HAVING A BEARING AND LENGTH OF "NORTH 89° 57' 01" WEST 142.95 FEET" ON THE MAP OF TRACT 22490, RECORDED IN BOOK 615 PAGES 84 AND 85 OF MAPS, RECORDS OF SAID COUNTY; THENCE SOUTH 89° 57' 01" EAST ALONG THE SOUTHERLY LINE OF SAID LOT 4, A DISTANCE OF 142.95 FEET TO THE EASTERLY TERMINUS OF SAID COURSE; THENCE SOUTH 0° 02' 16" WEST 54.00 FEET; THENCE NORTH 89° 57' 01" WEST PARALLEL TO THE SOUTH LINE OF SAID LOT 4, A DISTANCE OF 142.95 FEET TO A POINT ON THE SOUTHERLY PROLONGATION OF THE WESTERLY LINE OF SAID LOT 4; THENCE NORTH 0° 02' 16" EAST ALONG SAID PROLONGATION, 54.00 FEET TO THE POINT OF BEGINNING.

APN: 2125-036-083

EXHIBIT B

Schedule of Base Rent and Additional Rent

Base Rent and Additional Rent for each month of the Term shall be payable monthly in advance on the 20th day of the preceding month in accordance with the following payment schedule.

Magnolia Science Academy 1 *(CDS: 19 10199 6119945)*			
Date	**Base Rent**	**Additional Rent**	**Total Monthly Payment**

EXHIBIT C

Additional Covenants

For so long as the Loan is outstanding and has not been defeased or for so long as Lessor shall have obligations under the Loan Agreement or the Master Indenture, the following provisions shall be applicable for the benefit of Lessor, the Bondholders, and the Master Trustee. Capitalized terms not otherwise defined in this Exhibit C shall have the meanings ascribed to such terms in the Lease or, if not defined therein, in the Loan Agreement, the Indenture, or the Master Indenture, provided that, unless the context otherwise requires, the term "School" shall mean the School described in this Lease.

1. General Covenants: The Lessee covenants and agrees:

(a) To operate the Premises as a charter school facility providing educational services to students within the territorial limits required, if any, pursuant to Lessee's charter.

(b) To take all reasonable actions to maintain its current or any future charter ("Lessee's Charter") for the School with its charter authorizer and to take or cause to be taken any and all actions required to renew or extend the term of its charter with an authorizing entity. As soon as practicable, the Lessee shall provide Lessor with a copy of any notice received with regards to any authorizing entity's intent to renew or extend the term of any such charter or any notice of any issues that if not corrected or resolved could lead to termination or nonrenewal of any such charter. If such charter is terminated or not renewed, Lessee shall use commercially reasonable efforts, and shall cooperate with Lessor, to assign this Lease to a successor charter school, if any, operated by the Lessee at the Premises that maintains a charter with an authorizing entity. In addition, Lessee shall maintain accreditation status under the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the California Education Code) and related administrative rules and, to the extent required to maintain the approval of the Lessee's Charter by the authorizing entity, satisfy the student performance accountability standards stated in Lessee's Charter.

(c) Lessee will permit the Lessor to discuss the affairs, finances and accounts of Lessee or any information the Lessor may reasonably request with appropriate officers of Lessee, and will grant the Lessor access to the facilities, books and records related to the Premises or Lessee on any business day upon reasonable prior notice.

2. Limitation on Disposition of Property, Plant and Equipment. Without the consent of the Master Trustee, Lessee shall not dispose or transfer any property, plant and equipment consisting of all or any part of the Premises, except for dispositions or transfers:

(a) of property, plant and equipment no longer necessary for the operation of the Premises;

(b) of property, plant and equipment replaced by property, plant and equipment of similar type and/or of substantially equivalent function with a substantially equivalent value; or

(c) of property, plant and equipment sold or disposed of at a price equal to its fair market value.

3. Lessee's Financial Covenants.

(a) Additional Definitions. For purposes of this Lease:

(i) "Central Office Management Fees" means any fee or charge, including any funds transfer recognized as an expenditure for accounting purposes, charged by Lessee for management services provided to the Schools, including pursuant to a Management Agreement, which fee shall be subordinate to the payment of Rent due under the Lease.

(ii) "Consolidated Base Rent Coverage Ratio" means the ratio determined by dividing Consolidated Net Program Operating Revenue for such period by the Consolidated Base Rent Payment Obligation.

(iii) "Consolidated Base Rent Payment Obligation" means the sum of all Lessee Base Rent Payment Obligations for all Facilities and proposed Facilities.

(iv) "Consolidated Net Program Operating Revenue" means the sum of all Net Program Operating Revenue for the Lessee of all Facilities and proposed Facilities as that computation would be applied to the operations of an existing or proposed Lessee of an existing or proposed Facility financed with Related Indebtedness or to be financed with Additional Indebtedness, and excluding therefrom the payment obligations associated with any loan or other indebtedness to be refinanced or retired from proceeds of the Long-Term Indebtedness then to be incurred.

(v) "Days Cash on Hand" means, with respect to each Lessee, (a) the sum of the aggregate amount of (i) unrestricted cash and cash equivalents, (ii) unrestricted investments, each as shown on the Lessee's audited financial statements for each Fiscal Year, and (iii) any State payments accrued to such Fiscal Year and scheduled to be received within three months following the end of such Fiscal Year, divided by (b) the Total Program Operating Expenses for the applicable Fiscal Year divided by 365.

(vi) "FY End Calculation Date" means each of June 30 of each year.

(vii) "Independent Consultant" means a firm (but not an individual) that (a) does not have any direct financial interest or any material indirect financial interest in the Lessee or any Affiliate of the Lessee and (b) is not connected with the Lessee or any Affiliate thereof as an officer, employee, promoter, trustee, partner, director or Person performing similar functions, and designated by the Lessee, qualified to pass upon questions relating to the financial affairs of facilities of the type or types operated by the Lessee and having a favorable reputation for skill and experience in the financial affairs of such facilities.

(viii) "Lessee Base Rent Payment Obligation" means (a) that portion of the total lease payment obligation for any Lessee of any Facility or proposed Facility that is the Base Rent for such Facility, characterized as "Base Rent" plus (b) the repayment obligations for Lessee under any School Loan Agreement for the financing of Lessee's improvement or equipping of any Facility or proposed Facility, or portion of such Facility,

characterized therein as "School Loan Repayments" plus (c) any Ground Rent on the Facilities.

(ix) "Lessee Indebtedness" means all obligations for borrowed money, installment sales and finance lease obligations (as such term is defined by the FASB Accounting Standards Codification Topic 842 Leases), incurred or assumed by the Lessee, including Guaranties, Obligated Group Program Long Term Indebtedness, Obligated Group Program Short-Term Indebtedness or any other obligation for payments of principal and interest with respect to money borrowed.

(x) "Management Agreement" means any agreement between Lessee and a charter school, including charter schools operated or managed by Lessee, pursuant to which Lessee provides management services.

(xi) "MTI Base Rent" has the meaning set forth in the Master Indenture under the definition Base Rent.

(xii) "Net Program Operating Revenue" means Lessee's Program Revenues minus its Program Operating Expenses; provided, that no determination thereof will take into account: (a) any gain or loss resulting from either the early extinguishment or refinancing of Obligated Group Program Indebtedness or the sale, exchange or other disposition of capital assets not made in the ordinary course of business; (b) gifts, grants, bequests, donations or contributions, and income therefrom, to the extent specifically permanently restricted by the donor or by law to a particular purpose inconsistent with their use for the payment of Program Operating Expenses; (c) the net proceeds of insurance (other than business interruption insurance) and condemnation awards; (d) adjustments to the value of assets or liabilities resulting from changes in generally accepted accounting principles; (e) unrealized gains or losses that do not result in the receipt or expenditure of cash; and (f) nonrecurring items which involve the receipt, expenditure or transfer of assets.

(xiii) "Obligated Group Program Interim Indebtedness" means all Obligated Group Program Indebtedness having an original maturity less than or equal to five years and not renewable at the option of the Lessee for a term greater than five years from the date of original incurrence or issuance.

(xiv) "Obligated Group Program Long-Term Indebtedness" means all Obligated Group Program Indebtedness having an original maturity greater than one year or renewable at the option of the Lessee for a period greater than one year from the date of original incurrence or issuance thereof unless, by the terms of such Lessee Indebtedness, the Obligated Group Program Long-Term Indebtedness is not permitted to be outstanding thereunder for a period of at least 20 consecutive days during each calendar year.

(xv) "Obligated Group Program Short-Term Indebtedness" means all Obligated Group Program Indebtedness having an original maturity less than or equal to one year and not renewable at the option of the Lessee for a term greater than one year from the date of original incurrence or issuance, provided however, that any Obligated Group Program Short-Term Indebtedness that has been issued as revenue anticipation notes

("RANs") will not be included or counted as Obligated Group Program Short-Term Indebtedness to the extent that the RANs are secured by deferred state apportionment revenues expressly pledged and deposited in an intercept account to pay such RANs.

(xvi) "Program Operating Expenses" means all reasonable and necessary current expenses of the Lessee relating solely and arising from the Related Projects, as a group; provided, however, "Program Operating Expenses" shall not include (i) any allowance for depreciation or amortization, (ii) expenses incurred in connection with capital improvements, (iii) expenses paid from any restricted grants from state, federal or local sources, or from any Person, which were excluded from Program Revenues, (iv) expenses incurred for MTI Base Rent and School Loan Repayments payable under the Lease and School Loan Agreements, respectively, (v) expenses incurred under any capitalized leases, (vi) payments of the Debt Service Requirement of the Lessee and (vii) subordinated Central Office Management Fees.

(xvii) "Program Revenues" means all revenues, income, receipts and moneys derived by the Lessee from the Lessee's operation of the Schools, including from any applicable district or county or from the State pursuant to the Charter School Law from any categorical block grant, general purpose entitlement or revenue limit; provided, that "Program Revenues" shall not include: (i) any gains or losses resulting from the early extinguishment of Indebtedness, the sale, exchange or other disposition of Property not in the ordinary course of business, or the reappraisal, reevaluation or write-up of assets, or any other extraordinary gains or losses; (ii) net unrealized gain (losses) on investments on investments and Financial Products Agreements; (iii) proceeds of borrowing; and (iv) net insurance or condemnation proceeds received or payable to Lessee on account of damage or destruction of the other charter school or its property or other loss incurred by Lessee with respect to its operation of the other charter school or its property.

(xviii) "Subordinate Lessee Indebtedness" means all Lessee Indebtedness the repayment of which is expressly subordinate to the repayment of (i) the obligations of the Lessee under all Leases and School Loan Agreements, and (ii) Lessee Indebtedness secured on parity with obligations of the Lessee under all Leases and School Loan Agreements.

(xix) "Total Program Operating Expenses" means all reasonable and necessary current expenses of the Lessee; provided, however, "Total Program Operating Expenses" shall not include (i) any allowance for depreciation or amortization, (ii) expenses incurred in connection with capital improvements, (iii) expenses paid from grants from state, federal or local sources, or from any Person, which would generally be excluded under Program Revenues, (iv) expenses incurred for MTI Base Rent and School Loan Repayments payable under the Leases and School Loan Agreements, respectively, (v) expenses incurred under any capitalized leases, (vi) payments of the Debt Service Requirement of the Lessee and (vii) subordinated Central Office Management Fees.

(b) [Reserved.]

(c) [Reserved]

(d) Liquidity.

(i) Lessee covenants and agrees that the Days Cash on Hand shall be equal to or greater than 45 days beginning in the Fiscal Year, commencing June 30, 2026.

(ii) Lessee will provide a certificate to the Lessor, the Related Lender/Bond Trustee and the Master Trustee at the time of delivery of its financial statements for each Fiscal Year commencing with the Fiscal Year ending June 30, 2026, certifying to the Days Cash on Hand as of the end of such Fiscal Year. If the certificate indicates that the Days Cash on Hand as of such date was less than 45 days, it shall not constitute an event of default under the Lease or an Event of Default under the Master Indenture but Lessee covenants to retain an Independent Consultant at the expense of Lessee, on behalf of the Related Projects, within 45 days, to make recommendations to increase such balances in the then-current Fiscal Year to the required level or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable in such Fiscal Year. The Independent Consultant selected and appointed by Lessee may be rejected upon the written request of the Related Indebtedness Holders of not less than a majority in aggregate principal amount of the Related Indebtedness then Outstanding; if so rejected, Lessee covenants to use its best efforts to appoint a new Independent Consultant within 45 days thereof. Any Independent Consultant will be required to submit its recommendations to Lessor, the Related Lender/Bond Trustee and the Master Trustee within 90 days after being so retained. Upon submission of the Independent Consultant's report, the Lessee shall arrange for payment of the amount owed to the Independent Consultant and, within 30 days following receipt of the Independent Consultant's report, issue a written certificate to the Related Indebtedness Holders of the Outstanding Related Indebtedness, the Related Lender/Bond Trustee and the Master Trustee, and Lessor indicating the Lessee's acceptance or rejection of all or any material portion of the Independent Consultant's recommendations. Notwithstanding the foregoing, (x) the Related Indebtedness Holders of a majority of the Outstanding Related Indebtedness shall have the right, by written notice to the Lessee, to require the Lessee to comply with any recommendation of the Independent Consultant set forth in the Independent Consultant's report to the fullest extent practicable and allowed by law and (y) the failure of Lessee to comply with this Section shall not constitute a Default or Breach unless Lessee fails to comply with the written direction of the Related Indebtedness Holders of a majority of the Outstanding Related Indebtedness to retain the Independent Consultant. Lessee will not be obligated to retain such an Independent Consultant more often than once during any 24-month period.

(e) Consolidated Base Rent Coverage Ratio.

(i) Lessee shall deliver to the Lessor, the Related Lender/Bond Trustee and the Master Trustee an officer's certificate executed by the Chief Executive Officer or Chief Financial Officer of the Lessee, no later than 180 days after the close of each Fiscal Year, commencing with the Fiscal Year ended June 30, 2025, setting forth the Consolidated Base Rent Coverage Ratio as of the FY End Calculation Date.

(ii) If the Consolidated Base Rent Coverage Ratio as of any FY End Calculation Date is below 1.10, but above 1.00, the Lessee, at the written direction of at least a majority of the Related Indebtedness Holders of the Outstanding Related Indebtedness, shall retain, at its expense, an Independent Consultant acceptable to such Related Indebtedness Holders. The Independent Consultant shall deliver a written report to the Lessor, the Lessee, the Related Lender/Bond Trustee, the Master Trustee and the Related Indebtedness Holders, within 90 days following the Lessee's engagement of the Independent Consultant, containing recommendations concerning the Lessee with respect to the Related Projects' operations, financing practices and activities, including use of Short-Term Indebtedness, lease financing and investment activities; management practices, including use of consultants, budgeting practices, and on-going financial systems and monitoring of the Lessee's financial condition with respect to the Related Projects; governance and administrative practices; and such other matters relevant to maintaining compliance with the requirements under this Section. Upon submission of the Independent Consultant's report, the Lessee shall arrange for payment of the amount owed to the Independent Consultant and, within 30 days following receipt of the Independent Consultant's report, issue a written certificate to the Related Indebtedness Holders of the Outstanding Related Indebtedness, the Related Lender/Bond Trustee, the Master Trustee and Lessor indicating the Lessee's acceptance or rejection of all or any material portion of the Independent Consultant's recommendations. Notwithstanding the foregoing, (x) the Related Indebtedness Holders of a majority of the Outstanding Related Indebtedness shall have the right, by written notice to the Lessee, to require the Lessee to comply with any recommendation of the Independent Consultant set forth in the Independent Consultant's report to the fullest extent practicable and allowed by law and (y) the failure of Lessee to comply with this Section shall not constitute a Default or Breach unless Lessee fails to comply with the written direction of the Related Indebtedness Holders of a majority of the Outstanding Related Indebtedness to retain the Independent Consultant.

(iii) It shall be considered an Event of Default if the Consolidated Base Rent Coverage Ratio as of any FY End Calculation Date, commencing with the Fiscal Year ended June 30, 2025, is below 1.0.

(f) Subordination of Management Fees. If Lessee enters into a Management Agreement for the payment of Central Office Management Fees to Lessee or any supporting organization of Lessee under Internal Revenue Code Section 509(a)(3), or any of their respective affiliates, with respect to the School, Lessee shall amend any such Management Agreement for the School such that, so long as Related Indebtedness remain outstanding: (i) the obligation of Lessee to pay Central Office Management Fees relating to the School shall be subordinate to its payment of operating expenses of the School and rent payments to Lessor under the Lease; (ii) the obligation of Lessee to pay Central Office Management Fees relating to the School shall be suspended for any such time as the payment of Central Office Management Fees would cause Lessee to fail to meet any of the financial covenants contained in the Lease; and (iii) during any period of time when Central Office Management Fees remain unpaid, such fees shall accrue without interest. If Lessee has not engaged a separate manager with respect to the School, Lessee agrees that it shall not apply any Program Revenues to costs and expenses of management unless and until all Rent is fully paid and the Master Indenture is not in default.

(g) Limitation on Obligated Group Program Indebtedness. The Lessee covenants that it will not incur, assume or guarantee ("incur") any Obligated Group Program Indebtedness (secured or unsecured), except Obligated Group Program Indebtedness with respect to purposes specifically benefiting the Lessee, and then only as provided below.

(i) Short-Term Lessee Indebtedness. The Lessee may incur Obligated Group Program Short-Term Indebtedness (as defined below) for working capital purposes as in its judgment is deemed expedient, which may be secured on parity with the Lessee's obligations under the leases and any School Loan Agreement, provided that in no event will the Lessee incur such Obligated Group Program Short-Term Indebtedness, together with Obligated Group Program Interim Indebtedness (as defined below), that is, on a combined basis, in excess of the greater of: (1) 35% of Operating Expenses in any Fiscal Year, or (2) the maximum amount of advance apportionment and principal apportionment due to the Project in any fiscal year that is deferred at any time or subject to deferral pursuant to Section 14041.6 of the California Education Code or Sections 16325.5 and 16326 of the California Government Code, or any subsequent legislation authorizing additional deferrals of such apportionments (collectively "Maximum Deferred Apportionment").

(ii) Interim Indebtedness. The Lessee may incur Obligated Group Program Interim Indebtedness (as defined below) to finance or refinance existing capital needs as in its judgment is deemed expedient, which may be secured on parity with the Lessee's obligations under the Leases and any School Loan Agreement, provided that in no event will the Lessee incur such Obligated Group Program Interim Indebtedness, together with outstanding Short-Term Lessee Indebtedness, on a combined basis, is in excess of the greater of: (1) 35% of Operating Expenses in any Fiscal Year, or (2) Maximum Deferred Apportionment.

(iii) Obligated Group Program Long-Term Indebtedness. The Lessee may incur Obligated Group Program Long-Term Indebtedness (as defined below) if, prior to the issuance of such Obligated Group Program Long-Term Indebtedness, the Obligated Group Representative files the following certificates and report, as applicable, with the Master Trustee:

(1) an Officer's Certificate is filed with the Master Trustee demonstrating that, for the Obligated Group's most recently completed Fiscal Year, each Lessee or MERF has complied with all covenants set forth in its School Loan Agreement or Lease, as applicable, as provided herein; and

(2) either

(A) an Independent Consultant selected by the Lessee provides a written report setting forth projections which indicate that the Consolidated Base Rent Coverage Ratio for the first three full Fiscal Year following completion of such Facility or Facilities financed with such Additional Indebtedness in which the Lessee will have scheduled payments of interest on or principal of the Additional Indebtedness to be issued for the payment of which provision has not been made as indicated in the report of such

Independent Consultant from proceeds of such Additional Indebtedness, investment income thereon or from other appropriate sources (other than Consolidated Base Rent), provides for a Consolidated Base Rent Coverage Ratio, taking into account all Outstanding Long Term Indebtedness and the Additional Indebtedness to be issued, of not less than 1.20:1.0. The report of the Independent Consultant shall take into account, when applicable, the audited results of operations and verified enrollment of the Related Schools for the most recently completed Fiscal Year and projected enrollment of the Related Schools and Gross Revenues at the completion of such Facility or Facilities financed with such Additional Indebtedness. In addition, the report of the Independent Consultant shall assume that the Long Term Indebtedness then to be incurred shall have been Outstanding for the entire year; or

(B) an Officer's Certificate is filed with the Master Trustee demonstrating that, based on audited results of the operations for the most recently completed Fiscal Year, the Consolidated Base Rent Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness and the Additional Indebtedness to be issued, is not less than 1.10.

Obligated Group Program Long Term Indebtedness may also be incurred for the purpose of refunding any Outstanding Obligated Group Program Indebtedness, if prior to the incurrence thereof, there is delivered to the Trustee an Officer's Certificate demonstrating that (i) the maximum annual debt service with respect to all Obligated Group Program Long-Term Indebtedness will not increase by more than 10% after the incurrence of such proposed refunding of Obligated Group Program Long Term Lessee Indebtedness and after giving effect to the disposition of the proceeds thereof; (ii) the total debt service on the Obligated Group Program Long-Term Program Indebtedness being refinanced will not increase by more than 10% after the incurrence of such proposed refunding Obligated Group Program Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof; or (iii) the requirements of subsection (a)(1) above (regarding the Consolidated Base Rent Coverage Ratio) are met; provided that the foregoing shall not apply to any refinancing with Balloon Indebtedness.

(iv) Facility Leases. Obligated Group Program Indebtedness consisting of leases for charter school facilities, the term of which do not exceed two years (including any term extension options), may be incurred without limitation. A lease for a charter school or other facility with a term exceeding two years (including any term extension options) shall be considered Obligated Group Long-Term Program Indebtedness.

(v) Subordinate Lessee Indebtedness. Subordinate Lessee Indebtedness may be incurred without limitation.

(h) Use of Public Moneys. Lessee covenants that it will not use any public money, assets, and funds for support of the public school system that it receives through apportionments from the State in a manner that conflicts with or constitutes on its part or on the part of the School a violation or breach of any California statute, rule or regulation governing the use of those moneys. In addition, the California School Finance Authority shall be a third-party beneficiary under the Lease with respect to this provision of the Lease.

4. Financial Reporting. The Lessee agrees to provide the Borrower, and upon written request of the Trustee or Master Trustee, to the Trustee or Master Trustee, the following information:

(a) Quarterly unaudited financial information and operating data of the School not later than 60 days after the end of each quarter, commencing with the quarter ending June 30, 2025.

(b) Quarterly, not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2026, a report of the School's quarterly enrollment data and waitlist data by grade for the previous fiscal quarter.

(c) Prior to the end of each fiscal year, a copy of the annual budget of the School for the subsequent Fiscal Year.

(d) Quarterly, not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2026, a year to date comparison of the revenue and expenditures in the unaudited financial statements for such quarter to the annual budget for the applicable fiscal year.

(e) Quarterly, not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2026, a copy of any recommendations of any Independent Consultant received in accordance with the Master Indenture pursuant to the Liquidity Covenant and Consolidated Base Rent Coverage Ratio covenant under the Lease described above.

(f) Annually, no later than six (6) months after the close of each fiscal year, commencing with the Fiscal Year ending June 30, 2025, copies of the audited financial statements of the Lessee and the Schools for the prior fiscal year prepared in accordance with generally accepted accounting principles applicable to nonprofit corporations from time to time, if available.

(g) Annually, no later than six (6) months after the close of each fiscal year, commencing with the Fiscal Year ending June 30, 2026, the certifications and calculations of the Consolidated Days Cash on Hand and the Consolidated Base Rent Coverage Ratio as described in the Liquidity Covenant and Consolidated Base Rent Coverage Ratio covenant under the Lease described above.

(h) Such other information as may be reasonably requested by the Borrower, the applicable Issuer, the Bond Trustee or the Master Trustee.

5. **Lessee Representations, Warranties and Covenants.** Lessee represents, warrants, and covenants that:

(a) it is an organization described in Section 501(c)(3) and Section 170(b)(1)(A)(ii) of the Code, and except for unrelated business income taxable under Section 511 of the Code, it is exempt from federal income tax under Section 501(a) of the Code;

(b) it will not take any action or omit to take any action that, if taken or omitted, would cause: (x) it to lose its current federal income tax status as exempt from federal income taxation under Section 501(a) of the Code as an organization described in Code Section 501(c)(3) and as

an organization described in Code Section 170(b)(1)(A)(ii)), or (y) Lender to be viewed, for federal income tax purposes, as other than disregarded as an entity separate from its sole member pursuant to Treasury Regulation Section 301.7701-3(b);

(c) it has not and will not divert a substantial part of its corpus or income for a purpose or purposes other than the purpose or purposes for which it is organized or operated and will use Bond proceeds solely for the charitable purposes of Lessee;

(d) it has not operated, and will not operate, in a manner that would result in it being classified as an "action" organization within the meaning of Section 1.501(c)(3)-1(c)(3) of the Treasury Regulations, including, but not limited to, promoting or attempting to influence legislation by propaganda or otherwise as a substantial part of its activities;

(e) it shall not use any of the proceeds of the Loan to: (A) carry on propaganda, or otherwise attempt to influence legislation, within the meaning of Section 4945(d)(1) or Section 501(c)(3) of the Code, or the corresponding provisions of any subsequent federal tax laws; or (B) participate in, or intervene in (including publishing or distributing of any statements), any political campaign on behalf of any political candidate for public office or attempt to influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive, within the meaning of Section 4945(d)(2) or Section 501(c)(3) of the Code, or corresponding provisions of any subsequent federal tax laws, and not make any grant which does not comply with the requirements of Section 4945(d)(3) or Section 4945(d)(4) of the Code, or corresponding provisions of any subsequent federal tax laws, or which violates the provisions of Section 4945(d)(5) of the Code, or corresponding provisions of any subsequent federal tax laws;

(f) none of its directors, officers, organizers or incorporators, or any Person controlled by Lessee, or any other Person having a private or professional interest in the activities of Lessee has acquired or received nor will such Persons be allowed to acquire or receive, directly or indirectly, without due compensation, goods, or services therefore, or any of the income or assets of Lessee, in any form;

(g) it is not a "private foundation" within the meaning of Section 509(a) of the Code;

(h) it has not received any indication or notice to the effect that its exemption from federal income taxation under Section 501(a) of the Code has been revoked or modified, or that the Internal Revenue Service is considering revoking or modifying such exemption, and such exemption is still in full force and effect;

(i) it will timely file with the Internal Revenue Service all requests for determination, reports, and returns required to be filed by it to maintain its status as an organization described in Section 501(c)(3) of the Code, and such requests for determination, reports, and returns have not omitted or misstated any material fact;

(j) it has not devoted nor will it devote more than an insubstantial part of its activities in furtherance of a purpose other than an exempt purpose within the meaning of Section 501(c)(3) of the Code;

(k) the School's Charter is in full force and effect; and

(l) to the best of its knowledge, it is in material compliance with the terms, including financial covenants, of all leases and loan agreements to which it is a party.

6. **Assignment to Master Trustee; Deposit of Rent.** The Lessee hereby acknowledges and consents to the assignment by Lessor of Lessor's rights hereunder to the Master Trustee under the Master Indenture and covenants and agrees, subject to the provisions of Section 1.7 of this Lease, to deposit all amounts due under this Lease with the Master Trustee under the Master Indenture.

7. **Limitation on Liens on Program Revenues.** Except for liens existing on the date hereof and liens in favor of the California School Finance Authority or another state agency of the State of California arising pursuant to Section 17199.4 of the Education Code of the State of California securing Lessee Indebtedness permitted hereunder, the Lessee covenants and agrees that it will not create, assume or suffer to exist any lien upon the Program Revenues and that, if a subordinate security interest is created or assumed upon the Program Revenues by the Lessee, the Lessee will make or cause to be made effective a provision whereby the obligations of the Lessee under this Lease will be secured prior to any such indebtedness or other obligation secured by such security interest and that the revenues required by the Intercept Notice to be deposited with the Bond Trustee under the Indenture will continue to be so deposited. Except for liens in favor of the California School Finance Authority or another state agency of the State of California arising pursuant to Section 17199.4 of the Education Code of the State of California securing Lessee Indebtedness permitted hereunder, a security interest in the Program Revenues may only be created in connection with the issuance of Indebtedness under the Master Indenture.

8. **Change in Financial Accounting Under GAAP.** If any pending or future change in financial accounting under GAAP, including but not limited to a change in the treatment of leases, shall lead to a materially different result in a calculation under any financial covenant in this Exhibit C, then such financial covenant shall be calculated based on GAAP in effect as of the date of this Lease as if such change in financial accounting had never occurred.

9. Bondholder/Lender Protection Regarding Lessee Defaults: At any time when there is a Security Instrument against the Premises, the following provisions shall apply:

(a) Prior to exercising any right or remedy that would have the effect of terminating the Lease (or that would terminate the Lease if Lessee does not satisfy conditions, such as payment of delinquent Rents), the Lessor must give Lender written notice of default and an opportunity to cure (a) monetary defaults within ten (10) days after notice; and (b) all other defaults within the time allowed by the Lease for Lessee to perform.

(b) Before any termination remedy may be exercised against Lessee, if any cure of a non-monetary default requires that Lender obtain possession of the Premises, then the time of Lender to cure shall be extended to ten (10) days after it has obtained possession, provided that Lessor has moved with all due diligence to exercise its remedies to obtain possession.

(c) Before any termination remedy may be exercised against Lessee, if an Event of Default requires more time to cure than allowed above, then on demonstration that Lender has worked in good faith and with all due speed to cure the Default, Lender may extend the time to perform by another thirty (30) days.

(d) Notwithstanding any other provision hereof, no lender shall have a liability or obligation to cure an Event of Default.

(e) Lessee shall not take any action, or omit to take any action required of it by the Lease, that will impair or diminish the security of the existing Security Instruments, including any acts/omissions that will have a negative effect on the tax status of the Security Instrument.

EXHIBIT D

Form of Intercept Notice

Notice to the State Controller Pursuant to Education Code Section 17199.4

[Insert Date]

Re: California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026C and California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2025D (Taxable)

WHEREAS, Magnolia Properties Management, Inc., a California nonprofit public benefit corporation (the "Borrower") has entered into a Loan Agreement, dated as of April 1, 2025, by and between the California School Finance Authority (the "Authority") and the Borrower, providing for a loan (the "Loan") for the financing or refinancing of indebtedness incurred in the acquisition and construction of charter school facilities to be owned or leased by MPM 18120 Sherman Way LLC, a California limited liability company, and leased to Magnolia Educational & Research Foundation, a California nonprofit public benefit corporation, which operates Magnolia Science Academy 1, a school established pursuant to the Charter Schools Act of 1992, as amended, constituting Part 26.8 (commencing with Section 47600) of Division 4 of Title 2 of the Education Code of the State of California (the "School") (CDS #19-10199-6119945); and

WHEREAS, the Authority has issued its above-referenced revenue bonds (the "Bonds") to fund the Loan;

NOW THEREFORE, NOTICE IS HEREBY GIVEN PURSUANT TO SECTION 17199.4(a)(1) AND (4) OF THE EDUCATION CODE OF THE STATE OF CALIFORNIA TO THE STATE CONTROLLER OF THE STATE OF CALIFORNIA (the "State Controller"), that:

1. The governing board of the School has elected, pursuant to a resolution adopted on _____ and Section 17199.4(c) of the Education Code, to direct the State Controller to make transfers at the times and in the amounts (or such lesser amounts as are available to transfer) in the "State Intercept" column set forth on Schedule I attached hereto, directly to UMB Bank, National Association, as trustee (the "Trustee"), for the Bonds. If the amount transferred on any transfer date is less than the amount in the "State Intercept" column set forth on Schedule I attached hereto, then such deficiency shall be added to subsequent transfers until no deficiency remains.

2. The School hereby represents and certifies that it is not submitting the notice for the purpose of accelerating the School's receipt of apportionments under Section 42238.02 of the Education Code of the State of California.

3. Transfers pursuant to paragraph 1 above shall be paid by wire transfer of immediately available funds to:

UMB Bank, National Association
[Address]
Attention: _____
Telephone Number: _____
ABA Routing Number: _____
Account Title/Owner: _____
Account Number: _____

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION,
a California nonprofit public benefit corporation,
as operator of Magnolia Science Academy 1

By: _____
Name: _____
Its: _____

Schedule 1

Intercept Payment Amounts and Dates

(Remainder of page intentionally left blank)

LEASE AGREEMENT

between

MPM 16600 VANOWEN STREET LLC
a California limited liability company,
as Lessor

and

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION
a California nonprofit public benefit corporation,
as Lessee

for the use and occupation of the subject premises
in the operation of the charter school known as

MAGNOLIA SCIENCE ACADEMY 2

dated as of [November 1, 2026]

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LEASE AGREEMENT

This LEASE AGREEMENT ("**Lease**") dated, for reference purposes only, as of [November 1, 2026,] is made by and between MPM 16600 VANOWEN STREET LLC, a California limited liability company ("**Lessor**"), and MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION, a California nonprofit public benefit corporation ("**Lessee**") (Lessor and Lessee being sometimes referred to herein collectively as the "**Parties**" and individually a "**Party**"). This Lease is for the use and occupancy of the subject Premises by Lessee in the operation of the charter school known as "Magnolia Science Academy 2," CDS #19-10199-0445212, or such other charter school as Lessee primarily may operate on the Premises (the "**School**").

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged: the Parties hereby agree as follows:

1. Basic Provisions.

1.1 Premises. The real property and improvements thereon (the "**Improvements**") commonly referred to as 16631 Archwood Street and 16600 Vanowen Street, Los Angeles, CA 91406 and legally described in Exhibit A are referred to herein as the "**Premises**."

1.2 Term. The term of this Lease (the "**Term**") shall commence on the date of the funding of the Loan (as defined below) (the "**Commencement Date**"), and shall end on [June 30, 2061], (the "**Expiration Date**"). (See also Section 3 below.) In accordance with the terms of the Loan Agreement (as defined in Section 1.5 below), this Lease may be terminated by Lessee by Lessee's depositing with the Master Trustee (as defined in Section 1.5 below) sufficient cash or securities to redeem or defease the entire principal amount of the Bonds (as defined in Section 1.5 below), together with accrued interest to the redemption date.

1.3 Extension Option. Not applicable.

1.4 Rent. During the Term, Rent, as described in Section 4.1, shall be payable by Lessee to Lessor.

1.5 The Bonds. The California School Finance Authority ("**Lender**") is making a loan (the "**Loan**") to Magnolia Properties Management, Inc., a California nonprofit public benefit corporation the "**Borrower**"), pursuant to a Loan Agreement dated as of [November 1, 2026], (the "**Loan Agreement**"), by and between Lender and the Borrower. The Loan will be funded by the proceeds of Lender's California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026C and California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2025D (Taxable) (collectively, the "**Bonds**") to be issued pursuant to an Indenture (the "**Indenture**") between Lender and UMB Bank, National Association, as Trustee (the "**Bond Trustee**").

The Borrower, as the Obligated Group Representative, MPM Sherman Way LLC, a California limited liability company, MPM Santa Ana LLC, California limited liability company, and MPM San Diego LLC, California limited liability company, as the initial members of an obligated group

(the "Obligated Group"), and UMB Bank, National Association, as master trustee (the "Master Trustee"), entered into a Master Indenture of Trust dated as of April 1, 2025, (as amended or supplemented the "Master Indenture"), which Master Indenture has been supplemented by Supplemental Master Indenture for Obligation No. 1 dated as of April 1, 2025, and by Supplemental Master Indenture for Obligation No. 2 dated as of March 1, 2026.

In connection with the issuance of the Bonds, the Borrower, as the Obligated Group Representative, the Lessor, MPM 18120 Sherman Way LLC, a California limited liability company ("18120 Sherman Way LLC"), and the Master Trustee will enter into a Supplemental Master Indenture for Obligation No. 3 ("Supplemental MTI No. 3") and, pursuant to Supplemental MTI No. 3, the Lessor and 18120 Sherman Way LLC will become new members of the Obligated Group and the Obligated Group Representative will issue its Obligation No. 3 in the principal amount of the Bonds in favor of the Bond Trustee. The Loan Agreement, the Indenture, the Master Indenture, the Supplemental Master Indenture for Obligation No. 3, Obligation No. 3, and any related documents and instruments are collectively referred to herein as the "**Bond Documents.**"

1.6 Refinancing of Loan. Upon any refinancing of the Loan, the term "Loan Agreement" shall thereafter refer to the agreement for the refinancing of the Loan, the term "Loan" thereafter shall refer to the refinancing loan, and the term "Lender" thereafter shall refer to the lender making the refinancing loan, but otherwise all of the terms, covenants and conditions of this Lease shall remain unmodified and in full force and effect.

1.7 The Intercept. In order to provide for secure and orderly payment of the Base Rent component of Rent and for the payment of the Bonds out of such Base Rent payments, simultaneously with the execution and delivery of this Lease, Lessee shall deliver or cause to be delivered an Intercept Notice, substantially in the form set forth in Exhibit D attached hereto (the "**Intercept Notice**"), to the State Controller of the State of California (the "**State Controller**") to indicate transfers to the Bond Trustee to pay certain amounts due under this Lease as they come due. Amounts specified in the Intercept Notice for transfer to the Bond Trustee shall be limited to funding apportioned for purposes of the charter school block grant or the local control funding formula pursuant to Section 42238.02 of the Education Code of the State of California (the "**State Apportionments**"). Lessee shall, amend, supplement or restate the Intercept Notice and deliver such to the State Controller from time to time as necessary or appropriate to cause transfers to the Bond Trustee to pay any changed amount of Base Rent due under this Lease (including without limitation changes resulting from redemption or defeasance of Bonds prior to maturity) and to cure any delinquency in payment of such amounts, and shall deliver such amended, supplemented, or restated Intercept Notice to the State Controller not later than the twentieth (20th) calendar day of the month immediately preceding the month with respect to which such payment is due. Lessee will cooperate with the Bond Trustee in any manner the Bond Trustee may request in connection with amending, supplementing, or restating the Intercept Notice. If at any time, the Intercept Notice is amended, supplemented, or restated for any reason, Lessee shall promptly provide Lessor and the Bond Trustee with a copy of such amended, supplemented, or restated Intercept Notice. The Intercept Notice may provide additional amounts payable to the Bond Trustee for purposes set forth in the Indenture; provided, that Lessee shall not grant preference or any prior right of funding access or security in respect of the State Apportionment to any other payment indicated in the Intercept Notice or any other notice delivered pursuant to Section 17199.4 of the Education Code of the State of California. All deposits of moneys derived from payments by the State

Controller pursuant to the Intercept Notice from time to time shall be made at the corporate trust office of the Bond Trustee set forth in the Intercept Notice. Lessee shall timely amend, supplement, or restate the Intercept Notice to require transfers to such other location as shall be designated in writing by the Bond Trustee to Lessee.

1.8 Capitalized Terms. Unless the context of its use clearly requires otherwise, each capitalized term that is defined in the Loan Agreement, the Indenture, the Master Indenture or, if not defined therein, in the Supplemental Master Indenture for Obligation No. 3 and that is used but not otherwise defined herein has the meaning given to such term in the Loan Agreement, the Indenture, the Master Indenture or, if not defined therein, in the Supplemental Master Indenture for Obligation No. 3.

2. Premises.

2.1 Letting. Lessor hereby leases and hires to Lessee, and Lessee hereby leases and hires from Lessor, the Premises, for the Term, at the Rent, and upon and subject to all the terms, covenants and conditions set forth in this Lease.

2.2 Condition of Premises. Lessee currently occupies the Premises pursuant to the terms of the Prior Leases. On the Commencement Date, Lessee accepts the Premises in its as-is condition.

3. Term.

3.1 Term. The Lease Commencement Date, Expiration Date and Term of this Lease are as specified in Section 1.2.

4. Rent; Additional Rent; Expenses.

4.1 Rent Defined. Subject to the terms of this Lease, "**Rent**" is defined as and shall consist of the sum of (i) Base Rent, (ii) Additional Rent, and (iii) Expenses (all as defined below), together with all other monetary obligations of Lessee to Lessor or to third parties arising under the terms of this Lease.

4.2 Base Rent. "Base Rent" is listed in Schedule B to this Lease. So long as the Loan is outstanding, during the term of this Lease, the "Base Rent" shall be payable in accordance with the schedule set forth in Exhibit B, subject to downward adjustment in the event of any redemption or defeasance of all or a portion of the Bonds or prepayment of all or a portion of the Loan. In the event of redemption or defeasance of all the Bonds prior to the Expiration Date such that no Bonds remain outstanding and prepayment of all the Loan prior to the Expiration Date and without termination of this Lease, commencing on the first day of the first calendar month following such defeasance, redemption or full prepayment, the Base Rent shall be $100.00 per month.

4.3 Additional Rent. Lessee shall be responsible for the payment of Additional Rent. Additional Rent shall be paid to Lessor on demand or, if such Additional Rent is ongoing and can be calculated on a periodic basis, on a monthly basis pursuant to a written schedule from time to time delivered by Lessor. The amount projected as Additional Rent during the Term is as set forth on Exhibit B. "Additional Rent" shall include the following:

(a) Additional Payments and all other amounts required to reimburse Lessor, or satisfy Lessor's obligations, for any fees, expenses, taxes, indemnities, assessments or other payments that the Lessor is obligated to pay under the terms of the Loan Agreement, including, but not limited to, such amounts as are described in the Loan Agreement.

(b) Any other amounts (other than payments due on the Bonds) required to be paid by Lessor in order for Lessor to meet its obligations under the Bond Documents on a full and timely basis.

4.4 Extraordinary Monthly Rent. [Not applicable].

4.5 Expenses. Lessee shall be responsible for all Expenses, which Lessee shall pay directly to the providers of any of the items comprising Expenses prior to delinquency, or shall pay to or reimburse Lessor within thirty (30) days after receiving a statement from Lessor itemizing (with reasonable description) all charges included thereon. "**Expenses**" shall mean all costs and expenses of the ownership, operation, maintenance, repair or replacement, and insurance of the Premises (referred to in this Section 4.5 as the "**Facility**"), as determined by standard accounting practices, including, by way of illustration only, and not by way of limitation, to the extent they apply to the Facility, the aggregate of the "Maintenance Expenses" and the "General Expenses" set forth below:

(i) "**Maintenance Expenses**" means all costs of maintaining and repairing the Facility, the parking area, athletic fields and other portions of the Facility, deferred maintenance, installing or extending service systems and other built-in equipment, and improving the Facility, including without limitation all of the following:

a. All maintenance, replacement and repair costs of air conditioning, heating and ventilation equipment and systems, elevators (if any), landscaping, service areas, parking lots, athletic fields, building exteriors (including painting), signs and directories, repairing and replacing roofs, walls, structural components of the Facility, and cost of compliance with applicable laws (including any required upgrades or retrofitting).

b. Supplies, materials, labor, equipment, and utilities used in or related to the repair and maintenance of the Facility and any common areas.

c. Capital improvements made to the Facility (whether funded in full or amortized with reasonable financing charges) which may be required by any government authority or which will improve the operating efficiency of the Facility.

d. Amounts payable under a Ground Lease that are similar in nature to the foregoing.

(ii) "**General Expenses**" means all of the following, to the extent not included in Maintenance Expenses:

a. Gross receipts taxes, whether assessed against Lessor or assessed against Lessee and collected by Lessor.

b. Water, sewage, and waste or refuse removal charges.

c. Gas, electricity, telephone and other utilities.

d. The cost of monthly or annual contracts for systems or services such as alarm systems, security systems, internet services, janitorial services or landscaping services.

e. All janitorial, cleaning, landscaping, sweeping and repair services relating to the Facility.

f. The costs of signs and directories.

g. The cost of compliance with applicable laws.

h. Reasonable costs incurred by Lessor for operating expenses, including the day-to-day management (if any), including the cost of management personnel (if any), together with any of Lessor's administrative expenses such as state filings, preparation of tax returns or notices, and all taxes, charges, or fees in connection therewith to the extent related to the Facility.

i. Real Property Taxes (as defined in Section 10.1 below) and personal property taxes (as described in Section 10.3 below), if any.

j. Amounts required to be paid as deductibles in connection with any insurance required under the Bond Documents.

k. Any other costs or expenses incurred by Lessor under this Lease, excluding depreciation of the Facilities.

l. Amounts payable under a Ground Lease that are the responsibility of the Lessor and not otherwise paid pursuant to any other provisions of this subsection.

4.6 Property Tax. Lessee shall use the Premises exclusively for public school purposes, and therefore the Premises may be exempt from ad valorem property taxes. Lessee shall be responsible for the application to the Los Angeles County Tax Assessor for such tax exemption on an annual basis. Lessor shall cooperate with Lessee in obtaining such exemption, and shall execute any application for a tax exemption for the Premises. Any tax refunds and/or tax exemptions received by or granted to Lessor, based on Lessee's tax-exempt status or use of the Premises exclusively for public school purposes during the term of this Lease, shall be credited toward Lessee's Expenses payable under this Lease.

4.7 Payment. All Rent required to be paid in monthly installments shall be paid as specified in Exhibit B. All Rent shall be paid in lawful money of the United States, without any abatement, deduction or offset whatsoever (except as specifically provided herein), and without any prior demand therefore. All Rent shall be paid to the Master Trustee for deposit in the Gross Revenue Fund (as that term is defined in the Bond Documents), and at such address as the Master

Trustee notifies Lessee, or at such other place as Lessor may designate from time to time, with the approval of the Master Trustee as long as Lessor has any obligations pursuant to the terms of the Bond Documents. Notwithstanding the foregoing, Lessee shall receive a credit for Rent owed to Lessor to the extent the Bond Trustee receives monies on behalf of Lessee under the Intercept. Rent for any period during the Term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Subject to the terms of the Bond Documents, and so long as any of the Bonds or the Loan remains outstanding, Lessee shall, through the Intercept Notice, cause the State Controller to transfer the portion of the State Apportionment described in the Intercept Notice and attributable to the School to the Bond Trustee for deposit in the Revenue Fund (as defined in the Indenture). Lessor shall have the right, but not the obligation, to collect and impound, in advance, any or all components of Expenses or other Rent based upon Lessor's reasonable estimate of Lessee's future liability for such amounts for any calendar year or other period selected by Lessor. At the end of the calendar year or other period with respect to which any such estimate was prepared, Lessor shall reconcile Lessee's actual obligation for such component of Expenses or other Rent and the estimated amounts previously paid by Lessee.

4.8 Late Charge and Interest on Rent in Default. If any Rent is not received by or one behalf of Lessor from Lessee within ten (10) calendar days after Lessor has notified Lessee in writing that payment has not been received by Lessor, then Lessee shall immediately pay to Lessor a late charge equal to five percent (5%) of such delinquent rent as liquidated damages for Lessee's failure to make timely payment, by paying such sum to the Master Trustee for deposit in the Gross Revenue Fund. In no event shall this provision for a late charge be deemed to grant to Lessee a grace period or extension of time within which to pay any rent or prevent Lessor from exercising any right or remedy available to Lessor upon Lessee's failure to pay any rent due under this Lease in a timely fashion. If any Rent remains delinquent for a period in excess of thirty (30) days then, in addition to such late charge, Lessee shall pay to Lessor interest on any rent that is not paid when due at the Default Interest Rate from the date such amount became due until paid by paying such sum to the Master Trustee by depositing the same in the Gross Revenue Fund.

4.9 Budgeting Rent. Without limiting the provisions of Exhibit C, Lessee covenants to take such action as may be necessary to include all such payments of Rent due hereunder in its annual budgets, to make, as necessary, annual appropriations for all such payments and to take such action annually as shall be required to provide funds in such year for such payments of Rent.

4.10 Accounting. Without limiting the provisions of Exhibit C, if Lessor requests in writing, Lessee agrees to provide Lessor with an annual, or more frequent, accounting of the Expenses paid for Lessee's most recent fiscal year.

5. Mandatory Covenants.

5.1 Specific Covenants Related to the Loan. For so long as the Loan is outstanding and has not been defeased or for so long as any obligations under the Loan Agreement remain outstanding, the provisions of Exhibit C shall be applicable for the benefit of Lessor and the Lender.

6. Use.

6.1 Agreed Use. In addition to any other restrictions on Lessee's use of the Premises, the Premises shall be used by Lessee primarily for the operation of the School, secondarily for the operation of other charter schools operated by Lessee, for any related and ancillary school and educational purposes, any related administrative purposes, and any related incidental legal uses. Notwithstanding the foregoing, Lessee shall use and occupy the Premises only for "educational facilities" as defined in Section 17173(f) of the Education Code of the State of California in order to operate a charter school that is exempt from federal income taxation under Section 501(a) of the Internal Revenue Code (the "**Code**") as an organization described in Code Section 501(c)(3) and that qualifies as an "educational organization" as described under Code Section 170(b)(1)(A)(ii); provided that Lessee shall not rent the Premises as residential rental property to others, or permit any sublessee to rent the Premises as residential rental property to others.

6.2 Hazardous Substances. Without limiting the generality of the foregoing, Lessee shall comply with all obligations and the Bond Documents related to Hazardous Substances and Environmental Regulations, to the extent applicable to the Premises or Lessee's use and occupancy thereof.

7. Maintenance; Repairs.

7.1 Lessee Fully Responsible. During the Term, except in cases of damage or destruction due to casualty loss, or in the event of Condemnation, and except in case of the initial construction of the Improvements, all repair, maintenance, restoration, retrofitting, construction or reconstruction with respect to the Improvements shall be the sole responsibility of Lessee, and Lessor shall have no duty to undertake any such repair, maintenance, restoration, retrofitting, construction or reconstruction, or to pay any costs of the same. Provided, however, that Lessor shall provide Lessee access to the moneys in the Repair and Replacement Fund, and to any moneys in the Insurance and Condemnation Proceeds Fund to the extent necessary or appropriate to pay the costs of or to reimburse Lessee for its obligations hereunder, in accordance with the terms and provisions of the Indenture related to the Repair and Replacement Fund and the Insurance and Condemnation Proceeds Fund.

7.2 Compliance With Applicable Requirements. If any applicable building codes, applicable laws, covenants or restrictions of record, regulations, and ordinances (the "**Applicable Requirements")** require, during the Term, the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises, Lessee hereby agrees to undertake and complete such construction, alteration, remediation, reinforcement or other modification, and the costs therefor shall be incurred solely by Lessee.

7.3 Liens. Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in, on, or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee

shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof.

7.4 Ownership of Improvements; Removal; Surrender; and Restoration.

(a) **Ownership.** All Improvements shall be the property of Lessor. Any additional improvements constructed and paid for by Lessee itself shall, at the expiration or termination of this Lease, at the option of Lessor, (i) be removed by Lessee or (ii) become the property of Lessor and be surrendered by Lessee with the Premises

(b) **Surrender and Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the parts, and surfaces thereof broom clean and free of debris, and in good operating order, condition, and state of repair, ordinary wear and tear excepted. Lessee shall repair any damage occasioned by the installation, maintenance, or removal of any of its furnishings, and equipment. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire.

8. Insurance; Indemnity.

8.1 Liability. Lessee shall keep in force such liability insurance policies and in such amounts as required to meet the requirements of the Bond Documents. The premium for such insurance shall be paid by Lessee and shall be deemed an "Expense" hereunder.

8.2 Property. Lessee shall obtain and keep in force a policy or policies of property insurance in the name, and for the benefit, of Lessor, with loss payable to Lessor or, if required under the Bond Documents, to any lender, including the Bond Trustee and the Master Trustee, insuring loss or damage to the Premises. The amount of such insurance shall meet the requirements of the Master Indenture. The premium for such insurance shall be paid by Lessee and shall be deemed an "Expense" hereunder.

8.3 Rental Interruption. Lessee shall also obtain and keep in force, for the benefit of Lessor, rental interruption insurance insuring Lessor for the amounts of Base Rent arising from an interruption of the payment of the Base Rent, Additional Rent and Expenses otherwise payable by Lessor hereunder covering a period of at least 12 months. The limits of such insurance shall be based upon the highest monthly amount of Base Rent and Additional Rent shown on Exhibit B, as revised from time to time. The premium for such insurance shall be paid by Lessee and shall be deemed an "Expense" hereunder.

8.4 Waiver of Subrogation. Without affecting any other rights or remedies, Lessee and Lessor each hereby releases and relieves the other, and waives its entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.5 Indemnity. Except for Lessor's negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, partners, members, directors, and officers, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified. The provisions of this Section 8.5 shall survive the termination of this Lease.

8.6 Exemption of Lessor from Liability. Unless caused by Lessor's negligence or willful misconduct, Lessor shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or from other sources or places.

8.7 Insurance Requirements of Bond Documents. The foregoing notwithstanding, for so long as the Loan is outstanding, Lessee shall be deemed to meet its insurance obligations as set forth in this Section 8.7 if it carries, and it hereby agrees to carry, the insurance required to meet the terms of the Bond Documents, as such requirements may change from time to time. Without limiting the foregoing, for so long as the Loan is outstanding, Lessee shall cause the Bond Trustee, Master Trustee and Lessor to be named as additional insureds on Lessee’s liability insurance and the Bond Trustee and Master Trustee as mortgagees and loss payees on property insurance policies.

9. Damage or Destruction.

9.1 Definitions.

(a) “**Damage**” shall mean damage or destruction to the improvements on the Premises from fire or other casualty.

(b) “**Insured Loss**” shall mean Damage that was caused by an event required to be covered by the insurance described in Section 8, irrespective of any deductible amounts or coverage limits involved.

9.2 Damage. Subject to the terms of the Master Indenture, Lessor shall be entitled to any and all insurance proceeds that are available as a result of any Insured Loss, and shall make such insurance proceeds available to Lessee, which shall proceed to reconstruct the Improvements subject to such Damage to their condition existing immediately prior to the Damage, utilizing available insurance proceed and any amounts voluntarily contributed by Lessee. If Lessor elects not to undertake such restoration, Lessee may (i) if such damage is material, terminate this Lease by providing written notice to Lessor, and to the Bond Trustee, Master Trustee and Lender, within

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30 days after receipt by Lessee of Lessor's notice of its election not to undertake such restoration, or (ii) using available insurance proceeds, restore and rebuild the Premises, so long as the following conditions are met:

(a) The amount of insurance proceeds that are available for restoration, plus any funds that may have been deposited by Lessee, are sufficient to restore and rebuild the Premises to their character, condition and utility immediately prior to the casualty (or to such other condition as Lessee reasonably demonstrates will generate sufficient revenue for Lessee to meet its obligation to pay all Rent thereafter accruing);

(b) The amount of available proceeds of rental interruption insurance plus any funds deposited by Lessee equals an amount determined by Lessor to be sufficient to pay the Rent accruing during the period between the date of such casualty and the date the restoration or rebuilding is substantially completed.

(c) The restoration or rebuilding is estimated by Lessor to be completed at least twelve (12) months prior to the Maturity Date of the Bonds.

(d) In lieu of making any deposit of funds as described above, Lessee shall have the right to provide other assurances of the payment of restoration costs and Rent acceptable to Lessor in its sole discretion, such as a letter of credit.

9.3 Damage—Uninsured Loss. If Damage that is not an Insured Loss occurs, (a) Lessee may repair such damage as soon as reasonably possible at Lessee's expense, in which event this Lease shall continue in full force and effect or, (b) if Lessee elects not to undertake such repair, and such Damage is material, Lessor or Lessee may terminate this Lease by providing written notice to the other party, and to the Bond Trustee, Master Trustee and Lender, within 30 days after receipt by Lessor of knowledge of the occurrence of such Damage.

9.4 Waive Statutes. Lessor and Lessee agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises with respect to the termination of this Lease and hereby waive the provisions of any present or future statute to the extent inconsistent herewith, including California Civil Code Sections 1932(2) and 1933(4).

10. Real Property Taxes.

10.1 Definition. As used herein, the term "**Real Property Taxes**" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Premises, Lessor's right to other income therefrom; and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the address of the Premises and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Premises is located. Real Property Taxes shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the Term of this Lease, including but not limited to, a change in the ownership of the Premises, and (ii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

10.2 Payment of Taxes. Lessee shall timely file for exemption from any Real Property Taxes and shall maintain such exemption during the Term. In any event, Lessee shall pay, before the same become past due, the Real Property Taxes applicable to the Premises during the Term to the extent any such Real Property Taxes are charged, levied, assessed, or imposed.

10.3 Personal Property Taxes. Lessee shall timely file for exemption from any taxes on fixtures, furnishings, equipment, and other personal property of Lessee and shall maintain such exemption during the Term. Lessee shall pay, prior to delinquency, all such taxes to the extent they are charged, levied, assessed, or imposed after an exemption for such taxes is filed as required hereunder.

11. Assignment and Subletting.

11.1 By Lessee. Lessee shall not sublease, assign, mortgage, pledge, hypothecate or encumber this Lease or any of Lessee's interest hereunder without the prior written consent of Lessor (which shall not be unreasonably withheld). Lessee acknowledges that, pursuant to the Bond Documents, Lessor may be required to obtain the Lender's approval to a sublease, assignment or other transfer of Lessee's interest in this Lease and that Lessor's disapproval shall be deemed reasonable if based on any such disapproval by Lender. Lessee acknowledges that the financing of the Premises through the Tax-Exempt Bonds may restrict the assignees which could be approved by Lessor. In addition, Lessee shall not Lease, assign, mortgage, pledge, hypothecate, or encumber this Lease unless it receives an Opinion of Bond Counsel confirming that such action will not result in use or operation of the Premises not in conjunction with a charter school under the Act.

11.2 By Lessor. Lessee acknowledges that Lessor's interest in the Premises is subject to a deed of trust in favor of the Master Trustee and that certain of the Lessor's rights under this Lease are assigned to the Master Trustee as security for the Bonds under the Master Indenture of Trust.

12. Default; Event of Default; Remedies.

12.1 Default; Event of Default. A "**Default**" is defined as a failure by Lessee to comply with or perform any of the terms, covenants or other obligations of Lessee under this Lease. An "**Event of Default**" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises.

(b) The failure of Lessee to make any payment of Rent required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond required hereunder, or to fulfill any obligation under this Lease that endangers or threatens life or property, where such failure continues for a period of ten (10) business days following written notice to Lessee.

(c) Any material representation or warranty made in this Lease, or in any report, certificate, financial statement, or instrument furnished in connection with this Lease, proves to have been false or misleading when made, in any material respect, and is not promptly corrected.

(d) Except as provided in Section 3 of Exhibit C attached hereto, Lessee violates or fails to observe or perform any of the financial covenants of Lessee set forth in Section 3 of Exhibit C attached hereto and fails to cure the same within any notice or grace period contained in Exhibit C.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, other than those described in subparagraphs 12.1(a) through (d) above, where such Default continues for a period of thirty (30) days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Default if Lessee commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) Lessee's making of any general arrangement or assignment for the benefit of creditors; (ii) Lessee's becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 90 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within sixty (60) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within sixty (60) days; provided, however, in the event that any provision of this subparagraph (g) is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

12.2 Remedies. Upon the occurrence of any Event of Default, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy that Lessor may have by reason of such Event of Default:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent that had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid Rent that would have been earned after termination until the time of award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss that Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees of Lessor and the Authorities, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises is located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Event of Default of this Lease shall not waive Lessor's right to recover damages under

Section 12. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Section 12.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Section 12.1. In such case, the applicable grace period required by Section 12.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and an Event of Default under this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue this Lease and Lessee's right to possession and recover the Rent as it becomes due. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect Lessor's interests, shall not constitute a termination of Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises is located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under this Lease, including under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

12.3 Default Interest. Any monetary payment due Lessor hereunder not received by Lessor when due as to scheduled payments (such as Base Rent) or within thirty (30) days following the date on which it was due for non-scheduled payments, shall bear interest computed at the rate of 10% per annum (but not in excess of the maximum rate allowed by law) ("**Default Interest Rate**") from the date when due as to scheduled payments, or the 31st day after it was due as to non-scheduled payments.

12.4 Lessor Self Help. If Lessee fails to perform any of its affirmative duties or obligations (other than compliance with the covenants and financial reporting requirements pursuant to Section 5 and Exhibit C), Lessor may, at its option, perform such duty or obligation on Lessee's behalf including, but not limited to, the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor.

13. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs, and Expenses thereafter shall be limited to those applying to the remaining Premises subject to this Lease. Subject to the terms of the Loan Agreement, in the event that there is a Condemnation of less than all of the Premises, and such portion so taken is material to Lessee's use and quiet enjoyment of the Premises as a whole, then all available Condemnation awards and/or payments shall be used first, to restore the remaining portion of the Premises to a usable whole, and second, to reduce the balance of any loan made to Lessor and secured by the Premises in proportion to the portion taken or sold. Any portion of the award and/or payment that remains after the foregoing purposes have been satisfied shall be the

property of Lessor. Subject to the terms of the Loan Agreement, if the entirety of the Premises is taken, then the Condemnation awards and/or payments shall be the property of Lessor.

14. Estoppel Certificates. Each Party (as "**Responding Party**") shall within ten (10) days after written notice from the other Party (the "**Requesting Party**") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "**Estoppel Certificate**" form published by the AIR Commercial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

15. Definition of Lessor. The term "**Lessor**" as used herein shall mean the owner or owners at the time in question of the Lessor's interest under this Lease. Upon any transfer of such interest in the Premises, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the succeeding Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by Lessor shall be binding only upon Lessor as hereinabove defined.

16. Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

17. Days. Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days. "**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in the city in which the Principal Corporate Trust Office (as defined in the Indenture) is located are authorized or obligated by law or executive order to be closed.

18. Limitation on Liability. The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease. No member, officer, agent or employee of Lender or any director, officer, agent or employee of the Bond Trustee, Master Trustee, Lessor or Lessee shall be individually or personally liable for the payment of any amounts hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Lease; but nothing herein contained shall relieve any such member, director, officer, agent or employee form the performance of any official duty provided by law or this Lease.

19. Time of Essence. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

20. No Prior or Other Agreements. Subject to the terms of the Bond Documents, this Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Each Party represents and warrants that the execution of this Lease will not, to the best of the Party's knowledge, constitute a violation under any material agreements to which such Party is a party.

21. Notices.

21.1 Notice Requirements. Unless otherwise provided herein, all notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given (a) if hand delivered or delivered by courier, when delivered to the appropriate notice address, or (b) if mailed by first class mail, postage prepaid, six Business Days after deposit in the United States mail addressed to the appropriate notice address. Any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Days. The parties listed below may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice required or permitted hereunder shall be directed to the following notice address:

21.2 Addresses.

Lessor:

MPM 16600 VANOWEN STREET LLC
c/o MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION
250 East 1st Street, Suite 1500
Los Angeles, CA 90012
Attention: Chief Executive Officer

Lessee:

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION
250 East 1st Street, Suite 1500
Los Angeles, CA 90012
Attention: Chief Executive Officer

Lender (during the time the Loan is outstanding):

CALIFORNIA SCHOOL FINANCE AUTHORITY
State Treasurer's Office
300 S. Spring Street, Suite 8500
Los Angeles, California 90013
Attention: Executive Director

22. Waivers. No waiver by Lessor of the Default or Event of Default of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Event of Default by Lessee of the same or of any other term, covenant or condition hereof.

23. No Right To Holdover. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 110% of the Base Rent applicable immediately

preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

24. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

25. Covenants and Conditions; Construction of Agreement. All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

26. Binding Effect; Choice of Law. This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State of California. Any litigation between the Parties hereto concerning this Lease shall be initiated in the County of Los Angeles; provided, that any litigation in which Lender is a party concerning this Lease shall be initiated in Sacramento County, California.

27. Lessor's Access; Showing Property; Repairs. Lessor shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times after two (2) Business Days' prior notice for the purpose of inspecting the Premises, verifying compliance by Lessee with this Lease or exercising its self-help rights under Section 12.4.

28. Quiet Possession. Subject to payment by Lessee of the Rent and performance of all the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the Term hereof.

29. Counterparts. This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. This Lease may be executed by the delivery of separately signed counterpart signature pages. A party's delivery by electronic transmission of the party's manually or electronically signed counterpart signature page to this Lease shall be deemed as effective as the party's physical delivery of a manually signed counterpart signature page.

30. Amendments. Subject to the terms of the Master Indenture of Trust, this Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a lender in connection with the obtaining of normal financing or refinancing of the Premises.

31. Limitation of Rights to Parties. Except as otherwise provided herein, nothing in this Lease is intended or shall be construed to give to any person other than Lessor and Lessee any legal or equitable right, remedy or claim under or in respect of this Lease or any covenant, condition or provision herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of Lessor and Lessee.

32. CASp Disclosure. California Civil Code Section 1938 may require Lessor to notify Lessee whether the Premises has undergone inspection by a Certified Access Specialist ("**CASp**"), as defined in California Civil Code Section 55.52. Lessor hereby states to Lessee that, as of the date this Lease is executed, the property of which the Premises is a part has not undergone such inspection. A CASp can inspect the Premises and determine whether the Premises comply with all the applicable construction related accessibility standards under California state law. Although California state law does not require a CASp inspection of the Premises, the Lessor may not prohibit Lessee from obtaining a CASp inspection of the Premises for the occupancy or potential occupancy of Lessee, if requested by Lessee. The Parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction related accessibility standards within the Premises.

(Signatures on next page)

(Signature page of Lease Agreement)

The Parties hereto have executed this Lease as of the day and year first written above.

LESSOR:

MPM 16600 VANOWEN STREET LLC,
a California limited liability company

By: MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION,
a California nonprofit public benefit corporation,
its Manager

By: _____
Alfredo Rubalcava
Chief Executive Officer

LESSEE:

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION,
a California nonprofit public benefit corporation

By: _____
Alfredo Rubalcava
Chief Executive Officer

EXHIBIT A

Legal Description of Premises

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LOS ANGELES, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

PORTION OF LOT 690 OF TRACT 1000, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19, PAGES 1 TO 34 INCLUSIVE OR MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THAT PORTION OF SAID LOT 690 NOW INCLUDED WITHIN THE LINES OF TRACT 14363, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 367, PAGES 41 TO 44 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ALSO EXCEPT THEREFROM THAT PORTION OF SAID LOT 690 OF TRACT NO. 1000, DESCRIBED AS FOLLOWS:

BOUNDED NORTHERLY BY THE SOUTH LINE OF VANOWEN STREET, FORMERLY 8TH STREET, 50 FEET IN WIDTH, AS SHOWN ON THE MAP OF SAID TRACT NO. 1000; BOUNDED EASTERLY BY A LINE PARALLEL WITH AND DISTANT 157.13 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE NORTHERLY PROLONGATION OF THE CENTER LINE OF RUFFNER AVENUE, 54 FEET IN WIDTH, AS SHOWN ON THE MAP OF SAID TRACT NO. 14363 RECORDED IN BOOK 367, PAGES 41 TO 44 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; BOUNDED ON THE SOUTH BY THE NORTH LINE OF ARCHWOOD STREET; 60 FEET IN WIDTH, AS SHOWN ON THE MAP OF SAID TRACT NO. 14363; AND BOUNDED ON THE WEST BY A LINE PARALLEL WITH AND DISTANT 38.00 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM SAID NORTHERLY PROLONGATION OF THE CENTER LINE OF RUFFNER AVENUE.

PARCEL B:

PORTION OF LOT 690 OF TRACT NO. 1000, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19, PAGES 1 TO 34 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BOUNDED NORTHERLY BY THE SOUTH LINE OF VANOWEN STREET, FORMERLY 8TH STREET, 50 FEET IN WIDTH, AS SHOWN ON THE MAP OF SAID TRACT NO. 1000; BOUNDED EASTERLY BY A LINE PARALLEL WITH AND DISTANT 157.13 FEET EASTERLY, MEASURED AT RIGHT ANGLES, FROM THE NORTHERLY PROLONGATION OF THE CENTER LINE OR RUFFNER AVENUE, 54 FEET IN WIDTH, AS SHOWN ON MAP OF SAID TRACT NO. 14363, RECORDED IN BOOK 367, PAGES 41 TO 44 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; BOUNDED ON THE SOUTH BY THE NORTH LINE OF ARCHWOOD STREET, 60 FEET IN WIDTH, AS SHOWN ON MAP OF SAID TRACT NO. 14363; AND BOUNDED ON THE WEST BY A LINE PARALLEL WITH AND DISTANT 38.00 FEET EASTERLY, MEASURED AT RIGHT ANGLES FROM SAID NORTHERLY PROLONGATION OF THE CENTER LINE OF RUFFNER AVENUE.

APN: 2231-007-008, APN: 2231-007-016, APN: 2231-007-017

EXHIBIT B

Schedule of Base Rent and Additional Rent

Base Rent and Additional Rent for each month of the Term shall be payable monthly in advance on the 20th day of the preceding month in accordance with the following payment schedule.

Magnolia Science Academy 2 *(CDS: 19 10199 0445212)*			
Date	**Base Rent**	**Additional Rent**	**Total Monthly Payment**

EXHIBIT C

Additional Covenants

For so long as the Loan is outstanding and has not been defeased or for so long as Lessor shall have obligations under the Loan Agreement or the Master Indenture, the following provisions shall be applicable for the benefit of Lessor, the Bondholders, and the Master Trustee. Capitalized terms not otherwise defined in this Exhibit C shall have the meanings ascribed to such terms in the Lease or, if not defined therein, in the Loan Agreement, the Indenture, or the Master Indenture, provided that, unless the context otherwise requires, the term "School" shall mean the School described in this Lease.

1. General Covenants: The Lessee covenants and agrees:

(a) To operate the Premises as a charter school facility providing educational services to students within the territorial limits required, if any, pursuant to Lessee's charter.

(b) To take all reasonable actions to maintain its current or any future charter ("Lessee's Charter") for the School with its charter authorizer and to take or cause to be taken any and all actions required to renew or extend the term of its charter with an authorizing entity. As soon as practicable, the Lessee shall provide Lessor with a copy of any notice received with regards to any authorizing entity's intent to renew or extend the term of any such charter or any notice of any issues that if not corrected or resolved could lead to termination or nonrenewal of any such charter. If such charter is terminated or not renewed, Lessee shall use commercially reasonable efforts, and shall cooperate with Lessor, to assign this Lease to a successor charter school, if any, operated by the Lessee at the Premises that maintains a charter with an authorizing entity. In addition, Lessee shall maintain accreditation status under the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the California Education Code) and related administrative rules and, to the extent required to maintain the approval of the Lessee's Charter by the authorizing entity, satisfy the student performance accountability standards stated in Lessee's Charter.

(c) Lessee will permit the Lessor to discuss the affairs, finances and accounts of Lessee or any information the Lessor may reasonably request with appropriate officers of Lessee, and will grant the Lessor access to the facilities, books and records related to the Premises or Lessee on any business day upon reasonable prior notice.

2. Limitation on Disposition of Property, Plant and Equipment. Without the consent of the Master Trustee, Lessee shall not dispose or transfer any property, plant and equipment consisting of all or any part of the Premises, except for dispositions or transfers:

(a) of property, plant and equipment no longer necessary for the operation of the Premises;

(b) of property, plant and equipment replaced by property, plant and equipment of similar type and/or of substantially equivalent function with a substantially equivalent value; or

(c) of property, plant and equipment sold or disposed of at a price equal to its fair market value.

3. Lessee's Financial Covenants.

(a) Additional Definitions. For purposes of this Lease:

(i) "Central Office Management Fees" means any fee or charge, including any funds transfer recognized as an expenditure for accounting purposes, charged by Lessee for management services provided to the Schools, including pursuant to a Management Agreement, which fee shall be subordinate to the payment of Rent due under the Lease.

(ii) "Consolidated Base Rent Coverage Ratio" means the ratio determined by dividing Consolidated Net Program Operating Revenue for such period by the Consolidated Base Rent Payment Obligation.

(iii) "Consolidated Base Rent Payment Obligation" means the sum of all Lessee Base Rent Payment Obligations for all Facilities and proposed Facilities.

(iv) "Consolidated Net Program Operating Revenue" means the sum of all Net Program Operating Revenue for the Lessee of all Facilities and proposed Facilities as that computation would be applied to the operations of an existing or proposed Lessee of an existing or proposed Facility financed with Related Indebtedness or to be financed with Additional Indebtedness, and excluding therefrom the payment obligations associated with any loan or other indebtedness to be refinanced or retired from proceeds of the Long-Term Indebtedness then to be incurred.

(v) "Days Cash on Hand" means, with respect to each Lessee, (a) the sum of the aggregate amount of (i) unrestricted cash and cash equivalents, (ii) unrestricted investments, each as shown on the Lessee's audited financial statements for each Fiscal Year, and (iii) any State payments accrued to such Fiscal Year and scheduled to be received within three months following the end of such Fiscal Year, divided by (b) the Total Program Operating Expenses for the applicable Fiscal Year divided by 365.

(vi) "FY End Calculation Date" means each of June 30 of each year.

(vii) "Independent Consultant" means a firm (but not an individual) that (a) does not have any direct financial interest or any material indirect financial interest in the Lessee or any Affiliate of the Lessee and (b) is not connected with the Lessee or any Affiliate thereof as an officer, employee, promoter, trustee, partner, director or Person performing similar functions, and designated by the Lessee, qualified to pass upon questions relating to the financial affairs of facilities of the type or types operated by the Lessee and having a favorable reputation for skill and experience in the financial affairs of such facilities.

(viii) "Lessee Base Rent Payment Obligation" means (a) that portion of the total lease payment obligation for any Lessee of any Facility or proposed Facility that is the Base Rent for such Facility, characterized as "Base Rent" plus (b) the repayment obligations for Lessee under any School Loan Agreement for the financing of Lessee's improvement or equipping of any Facility or proposed Facility, or portion of such Facility,

characterized therein as "School Loan Repayments" plus (c) any Ground Rent on the Facilities.

(ix) "Lessee Indebtedness" means all obligations for borrowed money, installment sales and finance lease obligations (as such term is defined by the FASB Accounting Standards Codification Topic 842 Leases), incurred or assumed by the Lessee, including Guaranties, Obligated Group Program Long Term Indebtedness, Obligated Group Program Short-Term Indebtedness or any other obligation for payments of principal and interest with respect to money borrowed.

(x) "Management Agreement" means any agreement between Lessee and a charter school, including charter schools operated or managed by Lessee, pursuant to which Lessee provides management services.

(xi) "MTI Base Rent" has the meaning set forth in the Master Indenture under the definition Base Rent.

(xii) "Net Program Operating Revenue" means Lessee's Program Revenues minus its Program Operating Expenses; provided, that no determination thereof will take into account: (a) any gain or loss resulting from either the early extinguishment or refinancing of Obligated Group Program Indebtedness or the sale, exchange or other disposition of capital assets not made in the ordinary course of business; (b) gifts, grants, bequests, donations or contributions, and income therefrom, to the extent specifically permanently restricted by the donor or by law to a particular purpose inconsistent with their use for the payment of Program Operating Expenses; (c) the net proceeds of insurance (other than business interruption insurance) and condemnation awards; (d) adjustments to the value of assets or liabilities resulting from changes in generally accepted accounting principles; (e) unrealized gains or losses that do not result in the receipt or expenditure of cash; and (f) nonrecurring items which involve the receipt, expenditure or transfer of assets.

(xiii) "Obligated Group Program Interim Indebtedness" means all Obligated Group Program Indebtedness having an original maturity less than or equal to five years and not renewable at the option of the Lessee for a term greater than five years from the date of original incurrence or issuance.

(xiv) "Obligated Group Program Long-Term Indebtedness" means all Obligated Group Program Indebtedness having an original maturity greater than one year or renewable at the option of the Lessee for a period greater than one year from the date of original incurrence or issuance thereof unless, by the terms of such Lessee Indebtedness, the Obligated Group Program Long-Term Indebtedness is not permitted to be outstanding thereunder for a period of at least 20 consecutive days during each calendar year.

(xv) "Obligated Group Program Short-Term Indebtedness" means all Obligated Group Program Indebtedness having an original maturity less than or equal to one year and not renewable at the option of the Lessee for a term greater than one year from the date of original incurrence or issuance, provided however, that any Obligated Group Program Short-Term Indebtedness that has been issued as revenue anticipation notes

("RANs") will not be included or counted as Obligated Group Program Short-Term Indebtedness to the extent that the RANs are secured by deferred state apportionment revenues expressly pledged and deposited in an intercept account to pay such RANs.

(xvi) "Program Operating Expenses" means all reasonable and necessary current expenses of the Lessee relating solely and arising from the Related Projects, as a group; provided, however, "Program Operating Expenses" shall not include (i) any allowance for depreciation or amortization, (ii) expenses incurred in connection with capital improvements, (iii) expenses paid from any restricted grants from state, federal or local sources, or from any Person, which were excluded from Program Revenues, (iv) expenses incurred for MTI Base Rent and School Loan Repayments payable under the Lease and School Loan Agreements, respectively, (v) expenses incurred under any capitalized leases, (vi) payments of the Debt Service Requirement of the Lessee and (vii) subordinated Central Office Management Fees.

(xvii) "Program Revenues" means all revenues, income, receipts and moneys derived by the Lessee from the Lessee's operation of the Schools, including from any applicable district or county or from the State pursuant to the Charter School Law from any categorical block grant, general purpose entitlement or revenue limit; provided, that "Program Revenues" shall not include: (i) any gains or losses resulting from the early extinguishment of Indebtedness, the sale, exchange or other disposition of Property not in the ordinary course of business, or the reappraisal, reevaluation or write-up of assets, or any other extraordinary gains or losses; (ii) net unrealized gain (losses) on investments on investments and Financial Products Agreements; (iii) proceeds of borrowing; and (iv) net insurance or condemnation proceeds received or payable to Lessee on account of damage or destruction of the other charter school or its property or other loss incurred by Lessee with respect to its operation of the other charter school or its property.

(xviii) "Subordinate Lessee Indebtedness" means all Lessee Indebtedness the repayment of which is expressly subordinate to the repayment of (i) the obligations of the Lessee under all Leases and School Loan Agreements, and (ii) Lessee Indebtedness secured on parity with obligations of the Lessee under all Leases and School Loan Agreements.

(xix) "Total Program Operating Expenses" means all reasonable and necessary current expenses of the Lessee; provided, however, "Total Program Operating Expenses" shall not include (i) any allowance for depreciation or amortization, (ii) expenses incurred in connection with capital improvements, (iii) expenses paid from grants from state, federal or local sources, or from any Person, which would generally be excluded under Program Revenues, (iv) expenses incurred for MTI Base Rent and School Loan Repayments payable under the Leases and School Loan Agreements, respectively, (v) expenses incurred under any capitalized leases, (vi) payments of the Debt Service Requirement of the Lessee and (vii) subordinated Central Office Management Fees.

(b) [Reserved.]

(c) [Reserved]

(d) Liquidity.

(i) Lessee covenants and agrees that the Days Cash on Hand shall be equal to or greater than 45 days beginning in the Fiscal Year, commencing June 30, 2026.

(ii) Lessee will provide a certificate to the Lessor, the Related Lender/Bond Trustee and the Master Trustee at the time of delivery of its financial statements for each Fiscal Year commencing with the Fiscal Year ending June 30, 2026, certifying to the Days Cash on Hand as of the end of such Fiscal Year. If the certificate indicates that the Days Cash on Hand as of such date was less than 45 days, it shall not constitute an event of default under the Lease or an Event of Default under the Master Indenture but Lessee covenants to retain an Independent Consultant at the expense of Lessee, on behalf of the Related Projects, within 45 days, to make recommendations to increase such balances in the then-current Fiscal Year to the required level or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable in such Fiscal Year. The Independent Consultant selected and appointed by Lessee may be rejected upon the written request of the Related Indebtedness Holders of not less than a majority in aggregate principal amount of the Related Indebtedness then Outstanding; if so rejected, Lessee covenants to use its best efforts to appoint a new Independent Consultant within 45 days thereof. Any Independent Consultant will be required to submit its recommendations to Lessor, the Related Lender/Bond Trustee and the Master Trustee within 90 days after being so retained. Upon submission of the Independent Consultant's report, the Lessee shall arrange for payment of the amount owed to the Independent Consultant and, within 30 days following receipt of the Independent Consultant's report, issue a written certificate to the Related Indebtedness Holders of the Outstanding Related Indebtedness, the Related Lender/Bond Trustee and the Master Trustee, and Lessor indicating the Lessee's acceptance or rejection of all or any material portion of the Independent Consultant's recommendations. Notwithstanding the foregoing, (x) the Related Indebtedness Holders of a majority of the Outstanding Related Indebtedness shall have the right, by written notice to the Lessee, to require the Lessee to comply with any recommendation of the Independent Consultant set forth in the Independent Consultant's report to the fullest extent practicable and allowed by law and (y) the failure of Lessee to comply with this Section shall not constitute a Default or Breach unless Lessee fails to comply with the written direction of the Related Indebtedness Holders of a majority of the Outstanding Related Indebtedness to retain the Independent Consultant. Lessee will not be obligated to retain such an Independent Consultant more often than once during any 24-month period.

(e) Consolidated Base Rent Coverage Ratio.

(i) Lessee shall deliver to the Lessor, the Related Lender/Bond Trustee and the Master Trustee an officer's certificate executed by the Chief Executive Officer or Chief Financial Officer of the Lessee, no later than 180 days after the close of each Fiscal Year, commencing with the Fiscal Year ended June 30, 2025, setting forth the Consolidated Base Rent Coverage Ratio as of the FY End Calculation Date.

(ii) If the Consolidated Base Rent Coverage Ratio as of any FY End Calculation Date is below 1.10, but above 1.00, the Lessee, at the written direction of at least a majority of the Related Indebtedness Holders of the Outstanding Related Indebtedness, shall retain, at its expense, an Independent Consultant acceptable to such Related Indebtedness Holders. The Independent Consultant shall deliver a written report to the Lessor, the Lessee, the Related Lender/Bond Trustee, the Master Trustee and the Related Indebtedness Holders, within 90 days following the Lessee's engagement of the Independent Consultant, containing recommendations concerning the Lessee with respect to the Related Projects' operations, financing practices and activities, including use of Short-Term Indebtedness, lease financing and investment activities; management practices, including use of consultants, budgeting practices, and on-going financial systems and monitoring of the Lessee's financial condition with respect to the Related Projects; governance and administrative practices; and such other matters relevant to maintaining compliance with the requirements under this Section. Upon submission of the Independent Consultant's report, the Lessee shall arrange for payment of the amount owed to the Independent Consultant and, within 30 days following receipt of the Independent Consultant's report, issue a written certificate to the Related Indebtedness Holders of the Outstanding Related Indebtedness, the Related Lender/Bond Trustee, the Master Trustee and Lessor indicating the Lessee's acceptance or rejection of all or any material portion of the Independent Consultant's recommendations. Notwithstanding the foregoing, (x) the Related Indebtedness Holders of a majority of the Outstanding Related Indebtedness shall have the right, by written notice to the Lessee, to require the Lessee to comply with any recommendation of the Independent Consultant set forth in the Independent Consultant's report to the fullest extent practicable and allowed by law and (y) the failure of Lessee to comply with this Section shall not constitute a Default or Breach unless Lessee fails to comply with the written direction of the Related Indebtedness Holders of a majority of the Outstanding Related Indebtedness to retain the Independent Consultant.

(iii) It shall be considered an Event of Default if the Consolidated Base Rent Coverage Ratio as of any FY End Calculation Date, commencing with the Fiscal Year ended June 30, 2025, is below 1.0.

(f) Subordination of Management Fees. If Lessee enters into a Management Agreement for the payment of Central Office Management Fees to Lessee or any supporting organization of Lessee under Internal Revenue Code Section 509(a)(3), or any of their respective affiliates, with respect to the School, Lessee shall amend any such Management Agreement for the School such that, so long as Related Indebtedness remain outstanding: (i) the obligation of Lessee to pay Central Office Management Fees relating to the School shall be subordinate to its payment of operating expenses of the School and rent payments to Lessor under the Lease; (ii) the obligation of Lessee to pay Central Office Management Fees relating to the School shall be suspended for any such time as the payment of Central Office Management Fees would cause Lessee to fail to meet any of the financial covenants contained in the Lease; and (iii) during any period of time when Central Office Management Fees remain unpaid, such fees shall accrue without interest. If Lessee has not engaged a separate manager with respect to the School, Lessee agrees that it shall not apply any Program Revenues to costs and expenses of management unless and until all Rent is fully paid and the Master Indenture is not in default.

(g) Limitation on Obligated Group Program Indebtedness. The Lessee covenants that it will not incur, assume or guarantee ("incur") any Obligated Group Program Indebtedness (secured or unsecured), except Obligated Group Program Indebtedness with respect to purposes specifically benefiting the Lessee, and then only as provided below.

(i) Short-Term Lessee Indebtedness. The Lessee may incur Obligated Group Program Short-Term Indebtedness (as defined below) for working capital purposes as in its judgment is deemed expedient, which may be secured on parity with the Lessee's obligations under the leases and any School Loan Agreement, provided that in no event will the Lessee incur such Obligated Group Program Short-Term Indebtedness, together with Obligated Group Program Interim Indebtedness (as defined below), that is, on a combined basis, in excess of the greater of: (1) 35% of Operating Expenses in any Fiscal Year, or (2) the maximum amount of advance apportionment and principal apportionment due to the Project in any fiscal year that is deferred at any time or subject to deferral pursuant to Section 14041.6 of the California Education Code or Sections 16325.5 and 16326 of the California Government Code, or any subsequent legislation authorizing additional deferrals of such apportionments (collectively "Maximum Deferred Apportionment").

(ii) Interim Indebtedness. The Lessee may incur Obligated Group Program Interim Indebtedness (as defined below) to finance or refinance existing capital needs as in its judgment is deemed expedient, which may be secured on parity with the Lessee's obligations under the Leases and any School Loan Agreement, provided that in no event will the Lessee incur such Obligated Group Program Interim Indebtedness, together with outstanding Short-Term Lessee Indebtedness, on a combined basis, is in excess of the greater of: (1) 35% of Operating Expenses in any Fiscal Year, or (2) Maximum Deferred Apportionment.

(iii) Obligated Group Program Long-Term Indebtedness. The Lessee may incur Obligated Group Program Long-Term Indebtedness (as defined below) if, prior to the issuance of such Obligated Group Program Long-Term Indebtedness, the Obligated Group Representative files the following certificates and report, as applicable, with the Master Trustee:

(1) an Officer's Certificate is filed with the Master Trustee demonstrating that, for the Obligated Group's most recently completed Fiscal Year, each Lessee or MERF has complied with all covenants set forth in its School Loan Agreement or Lease, as applicable, as provided herein; and

(2) either

(A) an Independent Consultant selected by the Lessee provides a written report setting forth projections which indicate that the Consolidated Base Rent Coverage Ratio for the first three full Fiscal Year following completion of such Facility or Facilities financed with such Additional Indebtedness in which the Lessee will have scheduled payments of interest on or principal of the Additional Indebtedness to be issued for the payment of which provision has not been made as indicated in the report of such

Independent Consultant from proceeds of such Additional Indebtedness, investment income thereon or from other appropriate sources (other than Consolidated Base Rent), provides for a Consolidated Base Rent Coverage Ratio, taking into account all Outstanding Long Term Indebtedness and the Additional Indebtedness to be issued, of not less than 1.20:1.0. The report of the Independent Consultant shall take into account, when applicable, the audited results of operations and verified enrollment of the Related Schools for the most recently completed Fiscal Year and projected enrollment of the Related Schools and Gross Revenues at the completion of such Facility or Facilities financed with such Additional Indebtedness. In addition, the report of the Independent Consultant shall assume that the Long Term Indebtedness then to be incurred shall have been Outstanding for the entire year; or

(B) an Officer's Certificate is filed with the Master Trustee demonstrating that, based on audited results of the operations for the most recently completed Fiscal Year, the Consolidated Base Rent Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness and the Additional Indebtedness to be issued, is not less than 1.10.

Obligated Group Program Long Term Indebtedness may also be incurred for the purpose of refunding any Outstanding Obligated Group Program Indebtedness, if prior to the incurrence thereof, there is delivered to the Trustee an Officer's Certificate demonstrating that (i) the maximum annual debt service with respect to all Obligated Group Program Long-Term Indebtedness will not increase by more than 10% after the incurrence of such proposed refunding of Obligated Group Program Long Term Lessee Indebtedness and after giving effect to the disposition of the proceeds thereof; (ii) the total debt service on the Obligated Group Program Long-Term Program Indebtedness being refinanced will not increase by more than 10% after the incurrence of such proposed refunding Obligated Group Program Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof; or (iii) the requirements of subsection (a)(1) above (regarding the Consolidated Base Rent Coverage Ratio) are met; provided that the foregoing shall not apply to any refinancing with Balloon Indebtedness.

(iv) Facility Leases. Obligated Group Program Indebtedness consisting of leases for charter school facilities, the term of which do not exceed two years (including any term extension options), may be incurred without limitation. A lease for a charter school or other facility with a term exceeding two years (including any term extension options) shall be considered Obligated Group Long-Term Program Indebtedness.

(v) Subordinate Lessee Indebtedness. Subordinate Lessee Indebtedness may be incurred without limitation.

(h) Use of Public Moneys. Lessee covenants that it will not use any public money, assets, and funds for support of the public school system that it receives through apportionments from the State in a manner that conflicts with or constitutes on its part or on the part of the School a violation or breach of any California statute, rule or regulation governing the use of those moneys. In addition, the California School Finance Authority shall be a third-party beneficiary under the Lease with respect to this provision of the Lease.

4. Financial Reporting. The Lessee agrees to provide the Borrower, and upon written request of the Trustee or Master Trustee, to the Trustee or Master Trustee, the following information:

(a) Quarterly unaudited financial information and operating data of the School not later than 60 days after the end of each quarter, commencing with the quarter ending June 30, 2025.

(b) Quarterly, not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2026, a report of the School's quarterly enrollment data and waitlist data by grade for the previous fiscal quarter.

(c) Prior to the end of each fiscal year, a copy of the annual budget of the School for the subsequent Fiscal Year.

(d) Quarterly, not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2026, a year to date comparison of the revenue and expenditures in the unaudited financial statements for such quarter to the annual budget for the applicable fiscal year.

(e) Quarterly, not later than 60 days after the end of each quarter, commencing with the quarter ending December 31, 2026, a copy of any recommendations of any Independent Consultant received in accordance with the Master Indenture pursuant to the Liquidity Covenant and Consolidated Base Rent Coverage Ratio covenant under the Lease described above.

(f) Annually, no later than six (6) months after the close of each fiscal year, commencing with the Fiscal Year ending June 30, 2025, copies of the audited financial statements of the Lessee and the Schools for the prior fiscal year prepared in accordance with generally accepted accounting principles applicable to nonprofit corporations from time to time, if available.

(g) Annually, no later than six (6) months after the close of each fiscal year, commencing with the Fiscal Year ending June 30, 2026, the certifications and calculations of the Consolidated Days Cash on Hand and the Consolidated Base Rent Coverage Ratio as described in the Liquidity Covenant and Consolidated Base Rent Coverage Ratio covenant under the Lease described above.

(h) Such other information as may be reasonably requested by the Borrower, the applicable Issuer, the Bond Trustee or the Master Trustee.

5. **Lessee Representations, Warranties and Covenants.** Lessee represents, warrants, and covenants that:

(a) it is an organization described in Section 501(c)(3) and Section 170(b)(1)(A)(ii) of the Code, and except for unrelated business income taxable under Section 511 of the Code, it is exempt from federal income tax under Section 501(a) of the Code;

(b) it will not take any action or omit to take any action that, if taken or omitted, would cause: (x) it to lose its current federal income tax status as exempt from federal income taxation under Section 501(a) of the Code as an organization described in Code Section 501(c)(3) and as

an organization described in Code Section 170(b)(1)(A)(ii)), or (y) Lender to be viewed, for federal income tax purposes, as other than disregarded as an entity separate from its sole member pursuant to Treasury Regulation Section 301.7701-3(b);

(c) it has not and will not divert a substantial part of its corpus or income for a purpose or purposes other than the purpose or purposes for which it is organized or operated and will use Bond proceeds solely for the charitable purposes of Lessee;

(d) it has not operated, and will not operate, in a manner that would result in it being classified as an "action" organization within the meaning of Section 1.501(c)(3)-1(c)(3) of the Treasury Regulations, including, but not limited to, promoting or attempting to influence legislation by propaganda or otherwise as a substantial part of its activities;

(e) it shall not use any of the proceeds of the Loan to: (A) carry on propaganda, or otherwise attempt to influence legislation, within the meaning of Section 4945(d)(1) or Section 501(c)(3) of the Code, or the corresponding provisions of any subsequent federal tax laws; or (B) participate in, or intervene in (including publishing or distributing of any statements), any political campaign on behalf of any political candidate for public office or attempt to influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive, within the meaning of Section 4945(d)(2) or Section 501(c)(3) of the Code, or corresponding provisions of any subsequent federal tax laws, and not make any grant which does not comply with the requirements of Section 4945(d)(3) or Section 4945(d)(4) of the Code, or corresponding provisions of any subsequent federal tax laws, or which violates the provisions of Section 4945(d)(5) of the Code, or corresponding provisions of any subsequent federal tax laws;

(f) none of its directors, officers, organizers or incorporators, or any Person controlled by Lessee, or any other Person having a private or professional interest in the activities of Lessee has acquired or received nor will such Persons be allowed to acquire or receive, directly or indirectly, without due compensation, goods, or services therefore, or any of the income or assets of Lessee, in any form;

(g) it is not a "private foundation" within the meaning of Section 509(a) of the Code;

(h) it has not received any indication or notice to the effect that its exemption from federal income taxation under Section 501(a) of the Code has been revoked or modified, or that the Internal Revenue Service is considering revoking or modifying such exemption, and such exemption is still in full force and effect;

(i) it will timely file with the Internal Revenue Service all requests for determination, reports, and returns required to be filed by it to maintain its status as an organization described in Section 501(c)(3) of the Code, and such requests for determination, reports, and returns have not omitted or misstated any material fact;

(j) it has not devoted nor will it devote more than an insubstantial part of its activities in furtherance of a purpose other than an exempt purpose within the meaning of Section 501(c)(3) of the Code;

(k) the School's Charter is in full force and effect; and

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(l) to the best of its knowledge, it is in material compliance with the terms, including financial covenants, of all leases and loan agreements to which it is a party.

6. **Assignment to Master Trustee; Deposit of Rent.** The Lessee hereby acknowledges and consents to the assignment by Lessor of Lessor's rights hereunder to the Master Trustee under the Master Indenture and covenants and agrees, subject to the provisions of Section 1.7 of this Lease, to deposit all amounts due under this Lease with the Master Trustee under the Master Indenture.

7. **Limitation on Liens on Program Revenues.** Except for liens existing on the date hereof and liens in favor of the California School Finance Authority or another state agency of the State of California arising pursuant to Section 17199.4 of the Education Code of the State of California securing Lessee Indebtedness permitted hereunder, the Lessee covenants and agrees that it will not create, assume or suffer to exist any lien upon the Program Revenues and that, if a subordinate security interest is created or assumed upon the Program Revenues by the Lessee, the Lessee will make or cause to be made effective a provision whereby the obligations of the Lessee under this Lease will be secured prior to any such indebtedness or other obligation secured by such security interest and that the revenues required by the Intercept Notice to be deposited with the Bond Trustee under the Indenture will continue to be so deposited. Except for liens in favor of the California School Finance Authority or another state agency of the State of California arising pursuant to Section 17199.4 of the Education Code of the State of California securing Lessee Indebtedness permitted hereunder, a security interest in the Program Revenues may only be created in connection with the issuance of Indebtedness under the Master Indenture.

8. **Change in Financial Accounting Under GAAP.** If any pending or future change in financial accounting under GAAP, including but not limited to a change in the treatment of leases, shall lead to a materially different result in a calculation under any financial covenant in this Exhibit C, then such financial covenant shall be calculated based on GAAP in effect as of the date of this Lease as if such change in financial accounting had never occurred.

9. Bondholder/Lender Protection Regarding Lessee Defaults: At any time when there is a Security Instrument against the Premises, the following provisions shall apply:

(a) Prior to exercising any right or remedy that would have the effect of terminating the Lease (or that would terminate the Lease if Lessee does not satisfy conditions, such as payment of delinquent Rents), the Lessor must give Lender written notice of default and an opportunity to cure (a) monetary defaults within ten (10) days after notice; and (b) all other defaults within the time allowed by the Lease for Lessee to perform.

(b) Before any termination remedy may be exercised against Lessee, if any cure of a non-monetary default requires that Lender obtain possession of the Premises, then the time of Lender to cure shall be extended to ten (10) days after it has obtained possession, provided that Lessor has moved with all due diligence to exercise its remedies to obtain possession.

(c) Before any termination remedy may be exercised against Lessee, if an Event of Default requires more time to cure than allowed above, then on demonstration that Lender has worked in good faith and with all due speed to cure the Default, Lender may extend the time to perform by another thirty (30) days.

(d) Notwithstanding any other provision hereof, no lender shall have a liability or obligation to cure an Event of Default.

(e) Lessee shall not take any action, or omit to take any action required of it by the Lease, that will impair or diminish the security of the existing Security Instruments, including any acts/omissions that will have a negative effect on the tax status of the Security Instrument.

EXHIBIT D

Form of Intercept Notice

Notice to the State Controller Pursuant to Education Code Section 17199.4

[Insert Date]

Re: California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2026C and California School Finance Authority Charter School Revenue Bonds (Magnolia Public Schools – Obligated Group) Series 2025D (Taxable)

WHEREAS, Magnolia Properties Management, Inc., a California nonprofit public benefit corporation (the "Borrower") has entered into a Loan Agreement, dated as of April 1, 2025, by and between the California School Finance Authority (the "Authority") and the Borrower, providing for a loan (the "Loan") for the financing or refinancing of indebtedness incurred in the acquisition and construction of charter school facilities to be owned or leased by MPM 16600 Vanowen Street LLC, a California limited liability company, and leased to Magnolia Educational & Research Foundation, a California nonprofit public benefit corporation, which operates Magnolia Science Academy 2, a school established pursuant to the Charter Schools Act of 1992, as amended, constituting Part 26.8 (commencing with Section 47600) of Division 4 of Title 2 of the Education Code of the State of California (the "School") (CDS #19-10199-0445212); and

WHEREAS, the Authority has issued its above-referenced revenue bonds (the "Bonds") to fund the Loan;

NOW THEREFORE, NOTICE IS HEREBY GIVEN PURSUANT TO SECTION 17199.4(a)(1) AND (4) OF THE EDUCATION CODE OF THE STATE OF CALIFORNIA TO THE STATE CONTROLLER OF THE STATE OF CALIFORNIA (the "State Controller"), that:

1. The governing board of the School has elected, pursuant to a resolution adopted on _____ and Section 17199.4(c) of the Education Code, to direct the State Controller to make transfers at the times and in the amounts (or such lesser amounts as are available to transfer) in the "State Intercept" column set forth on Schedule I attached hereto, directly to UMB Bank, National Association, as trustee (the "Trustee"), for the Bonds. If the amount transferred on any transfer date is less than the amount in the "State Intercept" column set forth on Schedule I attached hereto, then such deficiency shall be added to subsequent transfers until no deficiency remains.

2. The School hereby represents and certifies that it is not submitting the notice for the purpose of accelerating the School's receipt of apportionments under Section 42238.02 of the Education Code of the State of California.

3. Transfers pursuant to paragraph 1 above shall be paid by wire transfer of immediately available funds to:

UMB Bank, National Association
[Address]
Attention: _____
Telephone Number: _____
ABA Routing Number: _____
Account Title/Owner: _____
Account Number: _____

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION,
a California nonprofit public benefit corporation,
as operator of Magnolia Science Academy 2

By: _____
Name: _____
Its: _____

Schedule 1

Intercept Payment Amounts and Dates

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$22,500,000
CALIFORNIA SCHOOL FINANCE AUTHORITY
CHARTER SCHOOL REVENUE BONDS, SERIES 2026CD
(MAGNOLIA PUBLIC SCHOOLS – OBLIGATED GROUP)
(As of 9/30/26)

PRELIMINARY FINANCING SCHEDULE

Date	Activity	Responsible Party	Complete
Week of 9/28	▪ Hold Rating Call (9/29)	B, FA, U	
	▪ MPS Board Package Submission (10/1)	B, BC, BRC	
	▪ CCC Submission (10/1)	U	
	▪ Voluntary Investor Call (10/2)	B, U, FA	
Week of 10/5	▪ Receive Rating (10/5)	B, FA, U	
	▪ Due Diligence Call (10/6)	ALL	
	▪ Credit & Commitment Committee approval (10/8)	U	
	▪ MPS Board Approval (10/8)	B	
	▪ Print / Mail PLOM (10/9)	U, UC	
Week of 10/12	▪ Investor Marketing	U	
Week of 10/19	▪ **Thursday, 10/22 – Sell Bonds**	U	
Week of 10/26	▪ Pre-closing	ALL	
Week of 11/2	▪ **Thursday, 11/5 – Close Bonds**	ALL	
	▪ Investment of bond proceeds	IA	

Series 2026 Bond Working Group

Institution	Role	Key
California School Finance Authority	Issuer	I
Magnolia Public Schools	Borrower	B
Buck Financial Advisors	Financial Advisor	FA
Orrick, Herrington & Sutcliffe	Bond Counsel	BC
Musick, Peeler & Garrett	Borrower's Counsel	BRC
Stifel	Underwriter	U
Stradling Yocca Carlson & Rauth	Underwriter's Counsel	UC
UMB Bank National Association	Bond Trustee	T
Stifel Capital Management	Investment Advisor	IA

*Sample dates, subject to refinement.

Sources	Series 2026C (TE)	Series 2026D (TX)	Program Award	Total
Par Amount	$19,845,000	$285,000	--	$20,130,000
Premium/(OID)	--	--	--	--
CSFA Credit Enhancement	--	--	1,471,538	1,471,538
Total Sources	**$19,845,000**	**$285,000**	**$1,471,538**	**$21,601,538**

Uses	Series 2026C (TE)	Series 2026D (TX)	Program Award	Total
Vanowen St Refi (MSA-2)	$11,610,000	--	--	$11,610,000
Sherman Way Refi (MSA-1)	7,840,000	--	--	7,840,000
Debt Service Reserve Fund	--	--	1,471,538	1,471,538
Costs of Issuance	395,000	285,000	--	680,000
Total Uses	**$19,845,000**	**$285,000**	**$1,471,538**	**$21,601,538**
Check	--	--	--	--

ASSUMPTIONS	
Closing Date	11/5/2026
Final Maturity	7/1/2066
Term	39.66 years
Blended Yield	6.75%
Call Date	7/1/2035

COST OF ISSUANCE	
Bond Counsel (Orrick)	80,000
Borrower's Counsel (Musick)	80,000
Underwriter's Counsel (Stradling)	75,000
Financial Advisor (Buck Financial)	58,000
CSFA Issuance Fee	20,065
CSFA Issuer Fee - 1st Admin Fee	3,020
CSFA Issuer Fee - PFD Fee	6,500
Issuer's Counsel (State AG)	20,000
Master & Bond Trustee (UMB)	5,500
Trustee Counsel	5,000
Title Fees & Charges, Endorsements	45,000
Rating Agency (Moody's)	61,000
Printer & Roadshow (AVIA)	5,000
Contingency	40,916
Underwriter's Discount	175,000
TOTAL	**$680,000**

STIFEL | Public Finance

School	% of Financing
MSA-2	59.7%
MSA-1	40.3%
Total	**0%**

PROJECTED DEBT SERVICE

Period Ending	Principal	Interest	Net Debt Service
7/1/2027	$75,000	$890,753	**$965,753**
7/1/2028	115,000	1,353,713	**1,468,713**
7/1/2029	125,000	1,345,950	**1,470,950**
7/1/2030	130,000	1,337,513	**1,467,513**
7/1/2031	140,000	1,328,738	**1,468,738**
7/1/2032	150,000	1,319,288	**1,469,288**
7/1/2033	160,000	1,309,163	**1,469,163**
7/1/2034	170,000	1,298,363	**1,468,363**
7/1/2035	180,000	1,286,888	**1,466,888**
7/1/2036	195,000	1,274,738	**1,469,738**
7/1/2037	205,000	1,261,575	**1,466,575**
7/1/2038	220,000	1,247,738	**1,467,738**
7/1/2039	235,000	1,232,888	**1,467,888**
7/1/2040	250,000	1,217,025	**1,467,025**
7/1/2041	270,000	1,200,150	**1,470,150**
7/1/2042	285,000	1,181,925	**1,466,925**
7/1/2043	305,000	1,162,688	**1,467,688**
7/1/2044	325,000	1,142,100	**1,467,100**
7/1/2045	350,000	1,120,163	**1,470,163**
7/1/2046	375,000	1,096,538	**1,471,538**
7/1/2047	400,000	1,071,225	**1,471,225**
7/1/2048	425,000	1,044,225	**1,469,225**
7/1/2049	455,000	1,015,538	**1,470,538**
7/1/2050	485,000	984,825	**1,469,825**
7/1/2051	515,000	952,088	**1,467,088**
7/1/2052	550,000	917,325	**1,467,325**
7/1/2053	590,000	880,200	**1,470,200**
7/1/2054	630,000	840,375	**1,470,375**
7/1/2055	670,000	797,850	**1,467,850**
7/1/2056	715,000	752,625	**1,467,625**
7/1/2057	765,000	704,363	**1,469,363**
7/1/2058	815,000	652,725	**1,467,725**
7/1/2059	870,000	597,713	**1,467,713**
7/1/2060	930,000	538,988	**1,468,988**
7/1/2061	995,000	476,213	**1,471,213**
7/1/2062	1,060,000	409,050	**1,469,050**
7/1/2063	1,130,000	337,500	**1,467,500**
7/1/2064	1,205,000	261,225	**1,466,225**
7/1/2065	1,290,000	179,888	**1,469,888**
7/1/2066	1,375,000	92,813	**1,467,813**
Total	**$20,130,000**	**$38,114,640**	**$58,244,640**

PROJECTED LEASE PAYMENTS

FYE	MSA-2	MSA-1	Total Lease Pmts
6/30/2027	$576,472	$389,280	**$965,753**
6/30/2028	876,697	592,016	**1,468,713**
6/30/2029	878,032	592,918	**1,470,950**
6/30/2030	875,980	591,532	**1,467,513**
6/30/2031	876,712	592,026	**1,468,738**
6/30/2032	877,040	592,248	**1,469,288**
6/30/2033	876,965	592,197	**1,469,163**
6/30/2034	876,488	591,875	**1,468,363**
6/30/2035	875,607	591,280	**1,466,888**
6/30/2036	877,309	592,429	**1,469,738**
6/30/2037	875,421	591,154	**1,466,575**
6/30/2038	876,115	591,623	**1,467,738**
6/30/2039	876,204	591,683	**1,467,888**
6/30/2040	875,689	591,336	**1,467,025**
6/30/2041	877,555	592,595	**1,470,150**
6/30/2042	875,630	591,295	**1,466,925**
6/30/2043	876,085	591,603	**1,467,688**
6/30/2044	875,734	591,366	**1,467,100**
6/30/2045	877,562	592,600	**1,470,163**
6/30/2046	878,383	593,154	**1,471,538**
6/30/2047	878,197	593,028	**1,471,225**
6/30/2048	877,003	592,222	**1,469,225**
6/30/2049	877,786	592,751	**1,470,538**
6/30/2050	877,361	592,464	**1,469,825**
6/30/2051	875,727	591,361	**1,467,088**
6/30/2052	875,869	591,456	**1,467,325**
6/30/2053	877,585	592,615	**1,470,200**
6/30/2054	877,689	592,686	**1,470,375**
6/30/2055	876,182	591,668	**1,467,850**
6/30/2056	876,048	591,577	**1,467,625**
6/30/2057	877,085	592,278	**1,469,363**
6/30/2058	876,107	591,618	**1,467,725**
6/30/2059	876,100	591,613	**1,467,713**
6/30/2060	876,861	592,127	**1,468,988**
6/30/2061	878,189	593,023	**1,471,213**
6/30/2062	876,898	592,152	**1,469,050**
6/30/2063	875,973	591,527	**1,467,500**
6/30/2064	875,212	591,013	**1,466,225**
6/30/2065	877,398	592,489	**1,469,888**
6/30/2066	876,160	591,653	**1,467,813**
Total	**$34,767,109**	**$23,477,531**	**$58,244,640**

STIFEL

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California School Finance Authority
Charter School Revenue Bonds
Magnolia Public Schools - Obligated Group
Series 2026CD
*****MSA-2, MSA-1 Updated 9.30.26*****

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STIFEL

SOURCES AND USES OF FUNDS

California School Finance Authority
Charter School Revenue Bonds
Magnolia Public Schools - Obligated Group
Series 2026CD
*****MSA-2, MSA-1 Updated 9.30.26*****

Dated Date	11/05/2026
Delivery Date	11/05/2026

Sources:	Series 2026C (Tax-Exempt)	Series 2026D (Taxable)	CSFA Program Award	Total
Bond Proceeds:				
Par Amount	19,845,000.00	285,000.00		20,130,000.00
Other Sources of Funds:				
Credit Enhancement Grant			1,471,537.50	1,471,537.50
	19,845,000.00	285,000.00	1,471,537.50	21,601,537.50

Uses:	Series 2026C (Tax-Exempt)	Series 2026D (Taxable)	CSFA Program Award	Total
Project Fund Deposits:				
Vanowen Street Refi (MSA-2)	11,610,000.00			11,610,000.00
Sherman Way Loan Refi (MSA-1)	7,840,000.00			7,840,000.00
	19,450,000.00			19,450,000.00
Other Fund Deposits:				
Debt Service Reserve Fund			1,471,537.50	1,471,537.50
Delivery Date Expenses:				
Cost of Issuance	290,084.26	209,000.24		499,084.50
Underwriter's Discount	101,715.73	73,284.27		175,000.00
	391,799.99	282,284.51		674,084.50
Other Uses of Funds:				
Contingency	3,200.01	2,715.49		5,915.50
	19,845,000.00	285,000.00	1,471,537.50	21,601,537.50

STIFEL

COST OF ISSUANCE

California School Finance Authority
Charter School Revenue Bonds
Magnolia Public Schools - Obligated Group
Series 2026CD
*****MSA-2, MSA-1 Updated 9.30.26*****

Cost of Issuance	$/1000	Amount
Bond Counsel (Orrick)	3.97417	80,000.00
Borrower's Counsel (Musick)	3.97417	80,000.00
Underwriter's Counsel (Stradling)	3.72578	75,000.00
Financial Advisor (Buck Financial)	2.88127	58,000.00
CSFA Issuance Fee	0.99677	20,065.00
CSFA Issuer Fee - 1st Admin Fee	0.15000	3,019.50
CSFA Issuer Fee - PFD Fee	0.32290	6,500.00
Issuer's Counsel (State AG)	0.99354	20,000.00
Master & Bond Trustee (UMB)	0.27322	5,500.00
Trustee Counsel	0.24839	5,000.00
Title Fees & Charges, Endorsements	2.23547	45,000.00
Rating Agency (Moody's)	3.03030	61,000.00
Printer & Roadshow (AVIA Communications)	0.24839	5,000.00
Contingency	1.73870	35,000.00
	24.79307	499,084.50

STIFEL

BOND DEBT SERVICE

California School Finance Authority
Charter School Revenue Bonds
Magnolia Public Schools - Obligated Group
Series 2026CD
*****MSA-2, MSA-1 Updated 9.30.26*****

Dated Date	11/05/2026
Delivery Date	11/05/2026

Period Ending	Principal	Interest	Debt Service
07/01/2027	75,000	890,752.50	965,752.50
07/01/2028	115,000	1,353,712.50	1,468,712.50
07/01/2029	125,000	1,345,950.00	1,470,950.00
07/01/2030	130,000	1,337,512.50	1,467,512.50
07/01/2031	140,000	1,328,737.50	1,468,737.50
07/01/2032	150,000	1,319,287.50	1,469,287.50
07/01/2033	160,000	1,309,162.50	1,469,162.50
07/01/2034	170,000	1,298,362.50	1,468,362.50
07/01/2035	180,000	1,286,887.50	1,466,887.50
07/01/2036	195,000	1,274,737.50	1,469,737.50
07/01/2037	205,000	1,261,575.00	1,466,575.00
07/01/2038	220,000	1,247,737.50	1,467,737.50
07/01/2039	235,000	1,232,887.50	1,467,887.50
07/01/2040	250,000	1,217,025.00	1,467,025.00
07/01/2041	270,000	1,200,150.00	1,470,150.00
07/01/2042	285,000	1,181,925.00	1,466,925.00
07/01/2043	305,000	1,162,687.50	1,467,687.50
07/01/2044	325,000	1,142,100.00	1,467,100.00
07/01/2045	350,000	1,120,162.50	1,470,162.50
07/01/2046	375,000	1,096,537.50	1,471,537.50
07/01/2047	400,000	1,071,225.00	1,471,225.00
07/01/2048	425,000	1,044,225.00	1,469,225.00
07/01/2049	455,000	1,015,537.50	1,470,537.50
07/01/2050	485,000	984,825.00	1,469,825.00
07/01/2051	515,000	952,087.50	1,467,087.50
07/01/2052	550,000	917,325.00	1,467,325.00
07/01/2053	590,000	880,200.00	1,470,200.00
07/01/2054	630,000	840,375.00	1,470,375.00
07/01/2055	670,000	797,850.00	1,467,850.00
07/01/2056	715,000	752,625.00	1,467,625.00
07/01/2057	765,000	704,362.50	1,469,362.50
07/01/2058	815,000	652,725.00	1,467,725.00
07/01/2059	870,000	597,712.50	1,467,712.50
07/01/2060	930,000	538,987.50	1,468,987.50
07/01/2061	995,000	476,212.50	1,471,212.50
07/01/2062	1,060,000	409,050.00	1,469,050.00
07/01/2063	1,130,000	337,500.00	1,467,500.00
07/01/2064	1,205,000	261,225.00	1,466,225.00
07/01/2065	1,290,000	179,887.50	1,469,887.50
07/01/2066	1,375,000	92,812.50	1,467,812.50
	20,130,000	38,114,640.00	58,244,640.00

STIFEL

NET DEBT SERVICE

California School Finance Authority
Charter School Revenue Bonds
Magnolia Public Schools - Obligated Group
Series 2026CD
*****MSA-2, MSA-1 Updated 9.30.26*****

Period Ending	Principal	Interest	Total Debt Service	Net Debt Service
07/01/2027	75,000	890,752.50	965,752.50	965,752.50
07/01/2028	115,000	1,353,712.50	1,468,712.50	1,468,712.50
07/01/2029	125,000	1,345,950.00	1,470,950.00	1,470,950.00
07/01/2030	130,000	1,337,512.50	1,467,512.50	1,467,512.50
07/01/2031	140,000	1,328,737.50	1,468,737.50	1,468,737.50
07/01/2032	150,000	1,319,287.50	1,469,287.50	1,469,287.50
07/01/2033	160,000	1,309,162.50	1,469,162.50	1,469,162.50
07/01/2034	170,000	1,298,362.50	1,468,362.50	1,468,362.50
07/01/2035	180,000	1,286,887.50	1,466,887.50	1,466,887.50
07/01/2036	195,000	1,274,737.50	1,469,737.50	1,469,737.50
07/01/2037	205,000	1,261,575.00	1,466,575.00	1,466,575.00
07/01/2038	220,000	1,247,737.50	1,467,737.50	1,467,737.50
07/01/2039	235,000	1,232,887.50	1,467,887.50	1,467,887.50
07/01/2040	250,000	1,217,025.00	1,467,025.00	1,467,025.00
07/01/2041	270,000	1,200,150.00	1,470,150.00	1,470,150.00
07/01/2042	285,000	1,181,925.00	1,466,925.00	1,466,925.00
07/01/2043	305,000	1,162,687.50	1,467,687.50	1,467,687.50
07/01/2044	325,000	1,142,100.00	1,467,100.00	1,467,100.00
07/01/2045	350,000	1,120,162.50	1,470,162.50	1,470,162.50
07/01/2046	375,000	1,096,537.50	1,471,537.50	1,471,537.50
07/01/2047	400,000	1,071,225.00	1,471,225.00	1,471,225.00
07/01/2048	425,000	1,044,225.00	1,469,225.00	1,469,225.00
07/01/2049	455,000	1,015,537.50	1,470,537.50	1,470,537.50
07/01/2050	485,000	984,825.00	1,469,825.00	1,469,825.00
07/01/2051	515,000	952,087.50	1,467,087.50	1,467,087.50
07/01/2052	550,000	917,325.00	1,467,325.00	1,467,325.00
07/01/2053	590,000	880,200.00	1,470,200.00	1,470,200.00
07/01/2054	630,000	840,375.00	1,470,375.00	1,470,375.00
07/01/2055	670,000	797,850.00	1,467,850.00	1,467,850.00
07/01/2056	715,000	752,625.00	1,467,625.00	1,467,625.00
07/01/2057	765,000	704,362.50	1,469,362.50	1,469,362.50
07/01/2058	815,000	652,725.00	1,467,725.00	1,467,725.00
07/01/2059	870,000	597,712.50	1,467,712.50	1,467,712.50
07/01/2060	930,000	538,987.50	1,468,987.50	1,468,987.50
07/01/2061	995,000	476,212.50	1,471,212.50	1,471,212.50
07/01/2062	1,060,000	409,050.00	1,469,050.00	1,469,050.00
07/01/2063	1,130,000	337,500.00	1,467,500.00	1,467,500.00
07/01/2064	1,205,000	261,225.00	1,466,225.00	1,466,225.00
07/01/2065	1,290,000	179,887.50	1,469,887.50	1,469,887.50
07/01/2066	1,375,000	92,812.50	1,467,812.50	1,467,812.50
	20,130,000	38,114,640.00	58,244,640.00	58,244,640.00

STIFEL

AGGREGATE DEBT SERVICE

California School Finance Authority
Charter School Revenue Bonds
Magnolia Public Schools - Obligated Group
Series 2026CD
*****MSA-2, MSA-1 Updated 9.30.26*****

Period Ending	Series 2026C (Tax-Exempt)	Series 2026D (Taxable)	Aggregate Debt Service
07/01/2027	878,141.25	87,611.25	965,752.50
07/01/2028	1,339,537.50	129,175.00	1,468,712.50
07/01/2029	1,369,537.50	101,412.50	1,470,950.00
07/01/2030	1,467,512.50		1,467,512.50
07/01/2031	1,468,737.50		1,468,737.50
07/01/2032	1,469,287.50		1,469,287.50
07/01/2033	1,469,162.50		1,469,162.50
07/01/2034	1,468,362.50		1,468,362.50
07/01/2035	1,466,887.50		1,466,887.50
07/01/2036	1,469,737.50		1,469,737.50
07/01/2037	1,466,575.00		1,466,575.00
07/01/2038	1,467,737.50		1,467,737.50
07/01/2039	1,467,887.50		1,467,887.50
07/01/2040	1,467,025.00		1,467,025.00
07/01/2041	1,470,150.00		1,470,150.00
07/01/2042	1,466,925.00		1,466,925.00
07/01/2043	1,467,687.50		1,467,687.50
07/01/2044	1,467,100.00		1,467,100.00
07/01/2045	1,470,162.50		1,470,162.50
07/01/2046	1,471,537.50		1,471,537.50
07/01/2047	1,471,225.00		1,471,225.00
07/01/2048	1,469,225.00		1,469,225.00
07/01/2049	1,470,537.50		1,470,537.50
07/01/2050	1,469,825.00		1,469,825.00
07/01/2051	1,467,087.50		1,467,087.50
07/01/2052	1,467,325.00		1,467,325.00
07/01/2053	1,470,200.00		1,470,200.00
07/01/2054	1,470,375.00		1,470,375.00
07/01/2055	1,467,850.00		1,467,850.00
07/01/2056	1,467,625.00		1,467,625.00
07/01/2057	1,469,362.50		1,469,362.50
07/01/2058	1,467,725.00		1,467,725.00
07/01/2059	1,467,712.50		1,467,712.50
07/01/2060	1,468,987.50		1,468,987.50
07/01/2061	1,471,212.50		1,471,212.50
07/01/2062	1,469,050.00		1,469,050.00
07/01/2063	1,467,500.00		1,467,500.00
07/01/2064	1,466,225.00		1,466,225.00
07/01/2065	1,469,887.50		1,469,887.50
07/01/2066	1,467,812.50		1,467,812.50
	57,926,441.25	318,198.75	58,244,640.00

STIFEL

BOND SUMMARY STATISTICS

California School Finance Authority
Charter School Revenue Bonds
Magnolia Public Schools - Obligated Group
Series 2026CD
*****MSA-2, MSA-1 Updated 9.30.26*****

Dated Date	11/05/2026
Delivery Date	11/05/2026
First Coupon	01/01/2027
Last Maturity	07/01/2066
Arbitrage Yield	6.750987%
True Interest Cost (TIC)	6.824837%
Net Interest Cost (NIC)	6.780992%
All-In TIC	7.041547%
Average Coupon	6.750000%
Average Life (years)	28.051
Duration of Issue (years)	12.192
Par Amount	20,130,000.00
Bond Proceeds	20,130,000.00
Total Interest	38,114,640.00
Net Interest	38,289,640.00
Total Debt Service	58,244,640.00
Maximum Annual Debt Service	1,471,537.50
Average Annual Debt Service	1,468,763.69

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
TERM (Taxable)	285,000.00	100.000	6.750%	1.726	07/27/2028	182.40
2036 Term Bond	1,155,000.00	100.000	6.750%	6.807	08/26/2033	808.50
2046 Term Bond	2,820,000.00	100.000	6.750%	15.700	07/18/2042	3,017.40
2056 Term Bond	5,435,000.00	100.000	6.750%	25.687	07/13/2052	6,902.45
2065 Term Bond	10,435,000.00	100.000	6.750%	35.690	07/14/2062	14,295.95
	20,130,000.00			28.051		25,206.70

	TIC	All-In TIC	Arbitrage Yield
Par Value	20,130,000.00	20,130,000.00	19,845,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	(175,000.00)	(175,000.00)	
- Cost of Issuance Expense		(499,084.50)	
- Other Amounts			
Target Value	19,955,000.00	19,455,915.50	19,845,000.00
Target Date	11/05/2026	11/05/2026	11/05/2026
Yield	6.824837%	7.041547%	6.750987%

STIFEL

BOND PRICING

California School Finance Authority
Charter School Revenue Bonds
Magnolia Public Schools - Obligated Group
Series 2026CD
MSA-2, MSA-1 Updated 9.30.26

Bond Component	Maturity Date	Amount	Rate	Yield	Price
2036 Term Bond:					
	07/01/2029	30,000	6.750%	6.750%	100.000
	07/01/2030	130,000	6.750%	6.750%	100.000
	07/01/2031	140,000	6.750%	6.750%	100.000
	07/01/2032	150,000	6.750%	6.750%	100.000
	07/01/2033	160,000	6.750%	6.750%	100.000
	07/01/2034	170,000	6.750%	6.750%	100.000
	07/01/2035	180,000	6.750%	6.750%	100.000
	07/01/2036	195,000	6.750%	6.750%	100.000
		1,155,000			
2046 Term Bond:					
	07/01/2037	205,000	6.750%	6.750%	100.000
	07/01/2038	220,000	6.750%	6.750%	100.000
	07/01/2039	235,000	6.750%	6.750%	100.000
	07/01/2040	250,000	6.750%	6.750%	100.000
	07/01/2041	270,000	6.750%	6.750%	100.000
	07/01/2042	285,000	6.750%	6.750%	100.000
	07/01/2043	305,000	6.750%	6.750%	100.000
	07/01/2044	325,000	6.750%	6.750%	100.000
	07/01/2045	350,000	6.750%	6.750%	100.000
	07/01/2046	375,000	6.750%	6.750%	100.000
		2,820,000			
2056 Term Bond:					
	07/01/2047	400,000	6.750%	6.750%	100.000
	07/01/2048	425,000	6.750%	6.750%	100.000
	07/01/2049	455,000	6.750%	6.750%	100.000
	07/01/2050	485,000	6.750%	6.750%	100.000
	07/01/2051	515,000	6.750%	6.750%	100.000
	07/01/2052	550,000	6.750%	6.750%	100.000
	07/01/2053	590,000	6.750%	6.750%	100.000
	07/01/2054	630,000	6.750%	6.750%	100.000
	07/01/2055	670,000	6.750%	6.750%	100.000
	07/01/2056	715,000	6.750%	6.750%	100.000
		5,435,000			
2065 Term Bond:					
	07/01/2057	765,000	6.750%	6.750%	100.000
	07/01/2058	815,000	6.750%	6.750%	100.000
	07/01/2059	870,000	6.750%	6.750%	100.000
	07/01/2060	930,000	6.750%	6.750%	100.000
	07/01/2061	995,000	6.750%	6.750%	100.000
	07/01/2062	1,060,000	6.750%	6.750%	100.000
	07/01/2063	1,130,000	6.750%	6.750%	100.000
	07/01/2064	1,205,000	6.750%	6.750%	100.000
	07/01/2065	1,290,000	6.750%	6.750%	100.000
	07/01/2066	1,375,000	6.750%	6.750%	100.000
		10,435,000			
TERM (Taxable):					
	07/01/2027	75,000	6.750%	6.750%	100.000
	07/01/2028	115,000	6.750%	6.750%	100.000
	07/01/2029	95,000	6.750%	6.750%	100.000
	07/01/2035		6.750%	6.750%	100.000
		285,000			
		20,130,000			

Dated Date	11/05/2026	
Delivery Date	11/05/2026	
First Coupon	01/01/2027	
Par Amount	20,130,000.00	
Original Issue Discount		
Production	20,130,000.00	100.000000%
Underwriter's Discount	(175,000.00)	(0.869349%)
Purchase Price	19,955,000.00	99.130651%
Accrued Interest		
Net Proceeds	19,955,000.00	

STIFEL

FORM 8038 STATISTICS

California School Finance Authority
Charter School Revenue Bonds
Magnolia Public Schools - Obligated Group
Series 2026CD
MSA-2, MSA-1 Updated 9.30.26

Dated Date	11/05/2026
Delivery Date	11/05/2026

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
2036 Term Bond:						
	07/01/2029	30,000.00	6.750%	100.000	30,000.00	30,000.00
	07/01/2030	130,000.00	6.750%	100.000	130,000.00	130,000.00
	07/01/2031	140,000.00	6.750%	100.000	140,000.00	140,000.00
	07/01/2032	150,000.00	6.750%	100.000	150,000.00	150,000.00
	07/01/2033	160,000.00	6.750%	100.000	160,000.00	160,000.00
	07/01/2034	170,000.00	6.750%	100.000	170,000.00	170,000.00
	07/01/2035	180,000.00	6.750%	100.000	180,000.00	180,000.00
	07/01/2036	195,000.00	6.750%	100.000	195,000.00	195,000.00
2046 Term Bond:						
	07/01/2037	205,000.00	6.750%	100.000	205,000.00	205,000.00
	07/01/2038	220,000.00	6.750%	100.000	220,000.00	220,000.00
	07/01/2039	235,000.00	6.750%	100.000	235,000.00	235,000.00
	07/01/2040	250,000.00	6.750%	100.000	250,000.00	250,000.00
	07/01/2041	270,000.00	6.750%	100.000	270,000.00	270,000.00
	07/01/2042	285,000.00	6.750%	100.000	285,000.00	285,000.00
	07/01/2043	305,000.00	6.750%	100.000	305,000.00	305,000.00
	07/01/2044	325,000.00	6.750%	100.000	325,000.00	325,000.00
	07/01/2045	350,000.00	6.750%	100.000	350,000.00	350,000.00
	07/01/2046	375,000.00	6.750%	100.000	375,000.00	375,000.00
2056 Term Bond:						
	07/01/2047	400,000.00	6.750%	100.000	400,000.00	400,000.00
	07/01/2048	425,000.00	6.750%	100.000	425,000.00	425,000.00
	07/01/2049	455,000.00	6.750%	100.000	455,000.00	455,000.00
	07/01/2050	485,000.00	6.750%	100.000	485,000.00	485,000.00
	07/01/2051	515,000.00	6.750%	100.000	515,000.00	515,000.00
	07/01/2052	550,000.00	6.750%	100.000	550,000.00	550,000.00
	07/01/2053	590,000.00	6.750%	100.000	590,000.00	590,000.00
	07/01/2054	630,000.00	6.750%	100.000	630,000.00	630,000.00
	07/01/2055	670,000.00	6.750%	100.000	670,000.00	670,000.00
	07/01/2056	715,000.00	6.750%	100.000	715,000.00	715,000.00
2065 Term Bond:						
	07/01/2057	765,000.00	6.750%	100.000	765,000.00	765,000.00
	07/01/2058	815,000.00	6.750%	100.000	815,000.00	815,000.00
	07/01/2059	870,000.00	6.750%	100.000	870,000.00	870,000.00
	07/01/2060	930,000.00	6.750%	100.000	930,000.00	930,000.00
	07/01/2061	995,000.00	6.750%	100.000	995,000.00	995,000.00
	07/01/2062	1,060,000.00	6.750%	100.000	1,060,000.00	1,060,000.00
	07/01/2063	1,130,000.00	6.750%	100.000	1,130,000.00	1,130,000.00
	07/01/2064	1,205,000.00	6.750%	100.000	1,205,000.00	1,205,000.00
	07/01/2065	1,290,000.00	6.750%	100.000	1,290,000.00	1,290,000.00
	07/01/2066	1,375,000.00	6.750%	100.000	1,375,000.00	1,375,000.00
		19,845,000.00			19,845,000.00	19,845,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	07/01/2066	6.750%	1,375,000.00	1,375,000.00		
Entire Issue			19,845,000.00	19,845,000.00	28.4288	6.7510%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	391,799.99
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	1,471,537.50

Coversheet

Approval of Board Resolution for Elimination of Positions for the Magnolia Science Academy ("MSA")-3 for the Improvement of Educational Programs for Students

Section: V. Action Items
Item: B. Approval of Board Resolution for Elimination of Positions for the Magnolia Science Academy ("MSA")-3 for the Improvement of Educational Programs for Students
Purpose: Vote
Submitted by:
Related Material: V.B Elimination of Positions for MSA-3.pdf

Agenda Item:	V.B Action Item
Date:	October 8, 2026
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 Gokhan Serce, Chief Academic Officer
RE:	Approval of Board Resolution for Elimination of Positions for the Magnolia Science Academy ("MSA")- 3 for the Improvement of Educational Programs for Students

Action Proposed:

Staff recommends approval of the Board resolution authorizing the creation of the following positions, effective immediately:

- **MSA-3:** one part-time Campus Supervisor

Analysis:

MSA-3 proposes eliminating the currently vacant part-time Campus Supervisor position, which the school has decided not to fill to reduce costs and redirect funds to other school needs. This adjustment helps the financial impact of current enrollment levels while preserving instructional quality and effective school operations.

Budget Implications:

The $18,747 budgeted for the vacant position will be reallocated to other MSA-3 budget line items as needed.

Exhibits:

- Board Resolution #20261008-01
- MSA-3 organizational charts

Resolution #20261008-01

MAGNOLIA EDUCATIONAL & RESEARCH FOUNDATION

RESOLUTION

FOR ELIMINATION OF POSITION AT MAGNOLIA SCIENCE ACADEMY-3 ("MSA-3") FOR THE 2026-27 SCHOOL YEAR

WHEREAS, Magnolia Public Schools ("MPS") is a non-profit organization operating public charter schools in Southern California; and

WHEREAS, Magnolia Public Schools ("MPS") is committed to maintaining high-quality educational programs and services while ensuring responsible stewardship of public resources; and

WHEREAS, MPS regularly reviews staffing needs to align positions with enrollment and support effective educational programs and school operations; and

WHEREAS, the proposed change is to eliminate the currently vacant part-time Campus Supervisor position at MSA-3; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Magnolia Public Schools hereby approves the proposed creation, reinstatement, realignment, and elimination of positions across the Magnolia Public Schools network as reflected in the organizational charts.

BE IT FURTHER RESOLVED that all approved restructuring actions shall be effective **immediately.**

BE IT FINALLY RESOLVED that this resolution be entered into the official minutes of the Board of Directors and shall take effect immediately upon approval.

PASSED AND ADOPTED by the Board this 8 day of October, 2026, by the following vote:

AYES:

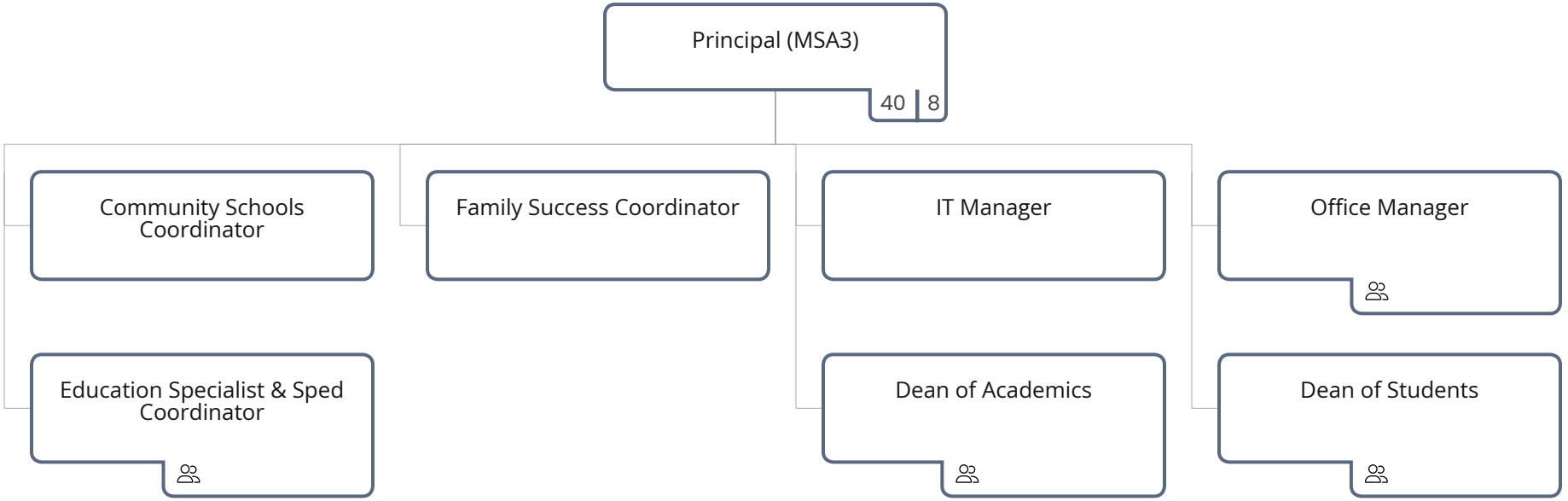
NOES:

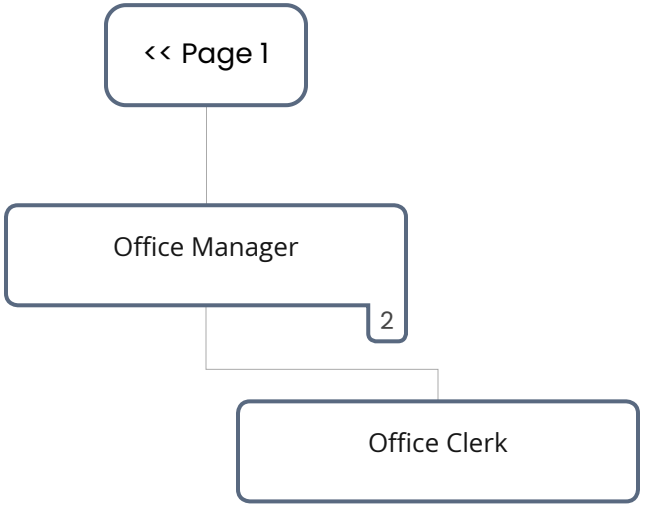
RECUSE:

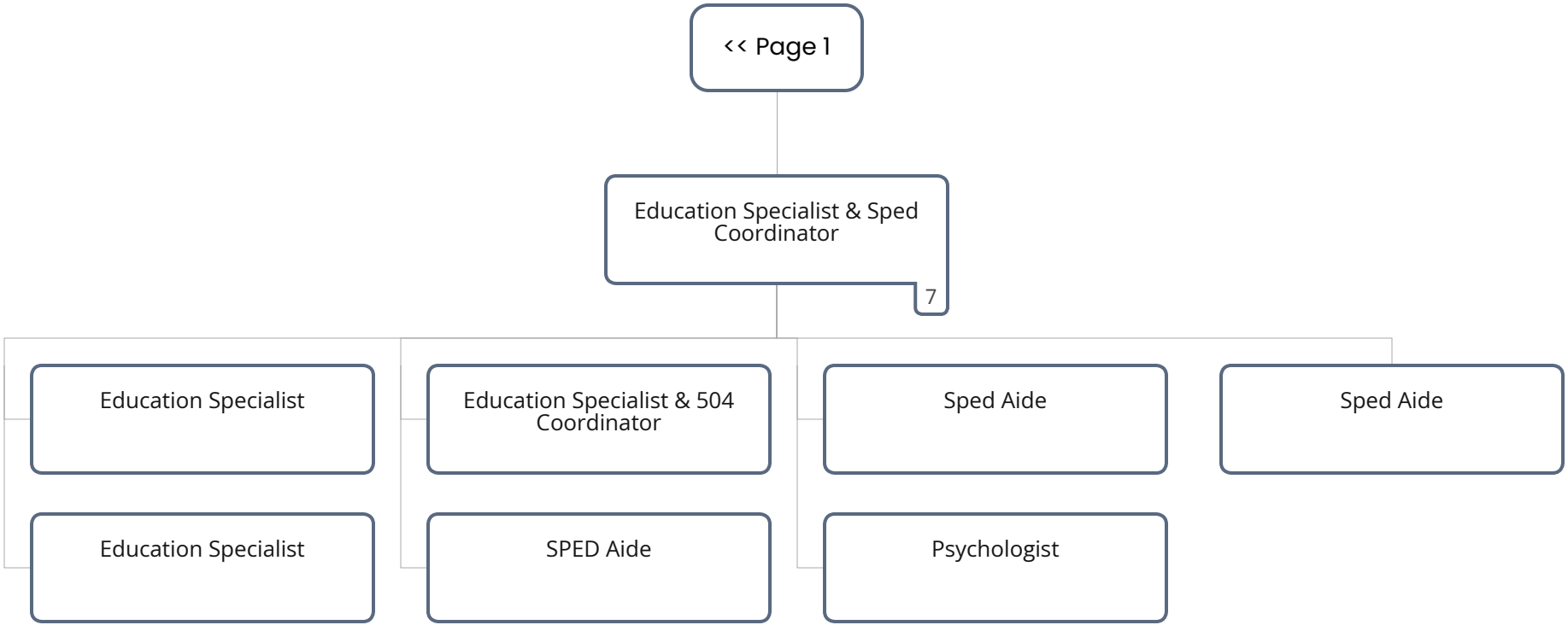
ABSENT:

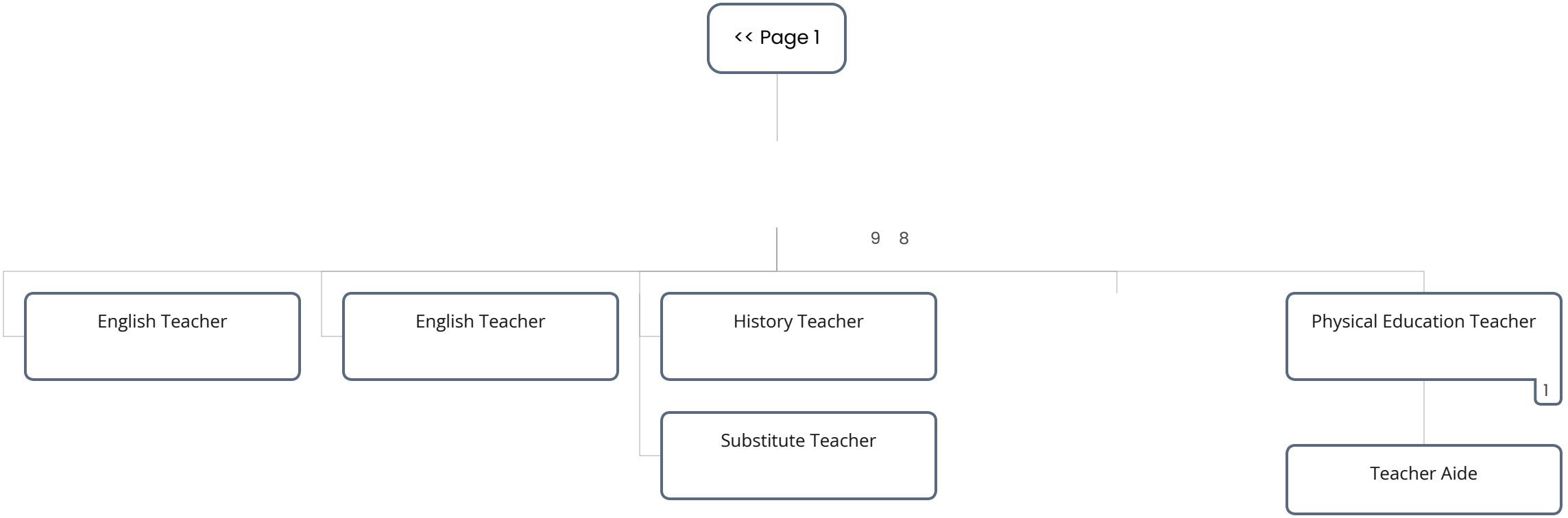
The undersigned Board Chair does hereby certify that the foregoing is a full, true, and correct copy of a resolution adopted by the said Board at its meeting on the above date and by the vote above stated, which resolution is on file in the office of MERF.

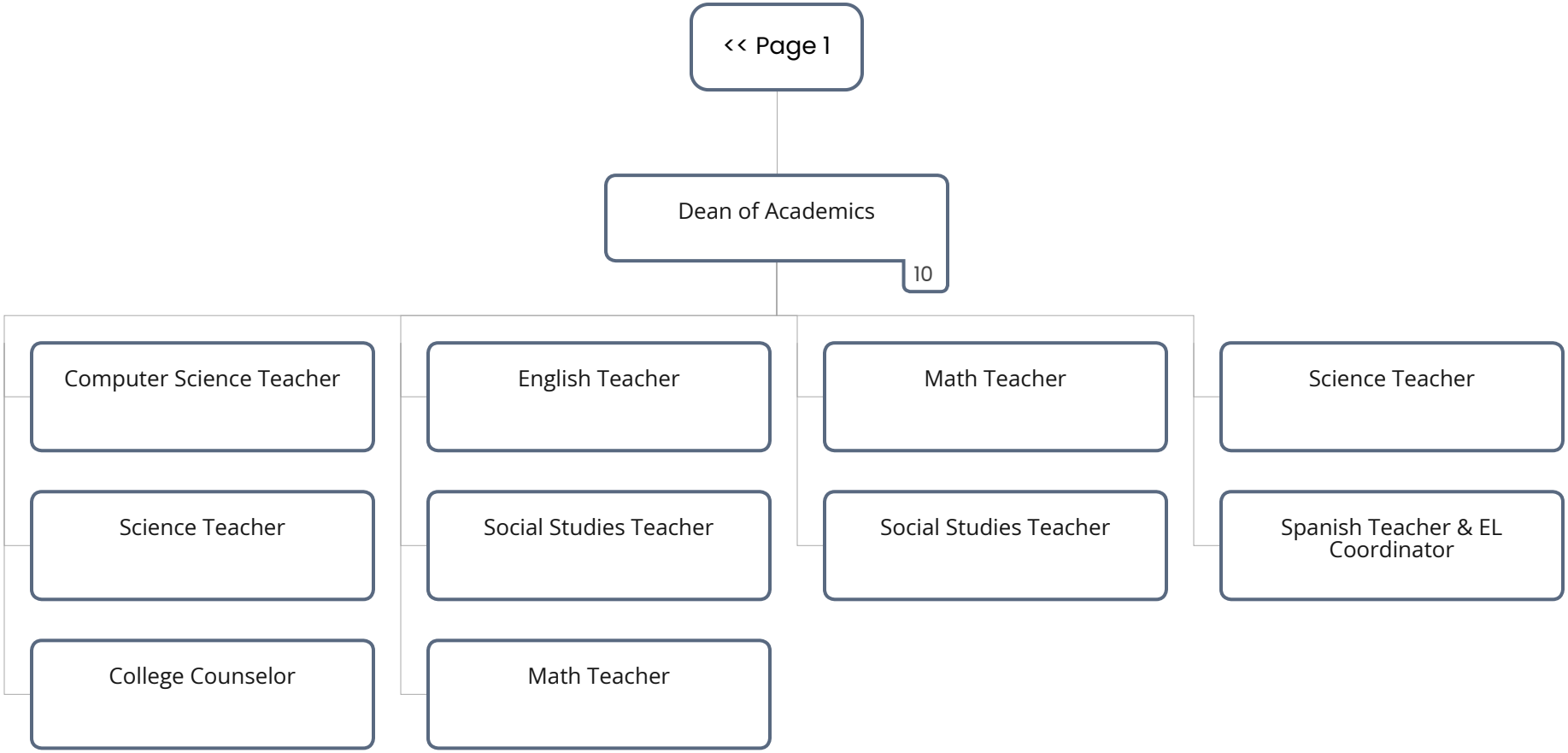
_____
Board Chair

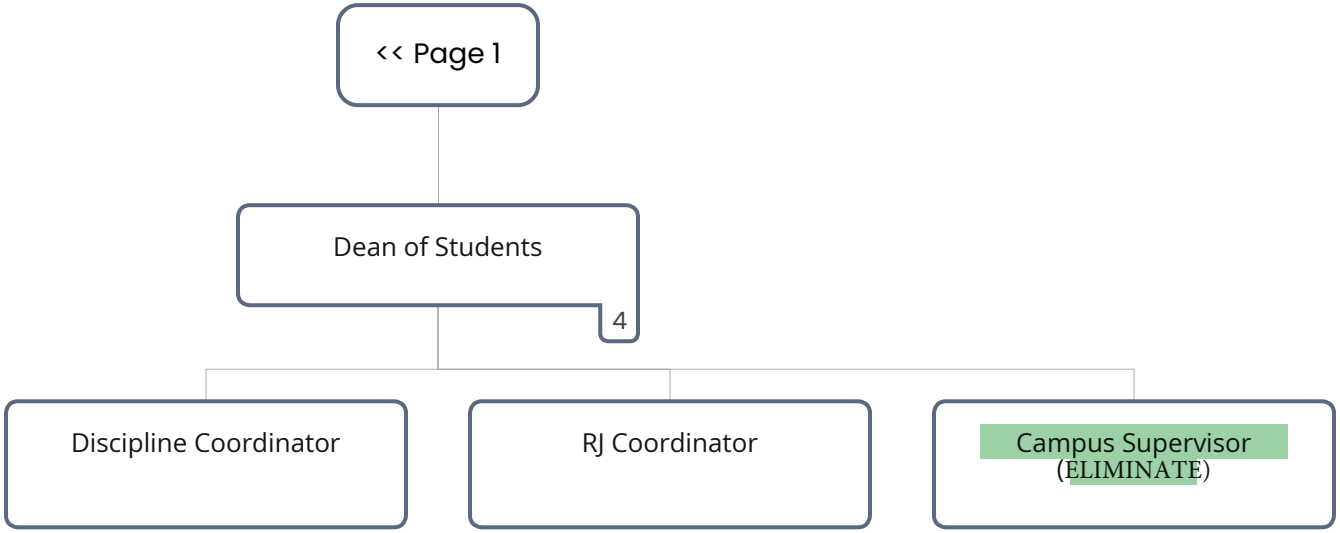

Principal (MSA3)
40
8
Community Schools Coordinator
Family Success Coordinator
IT Manager
Office Manager
Education Specialist & Sped Coordinator
Dean of Academics
Dean of Students


<< Page 1
Office Manager
2
Office Clerk


<< Page 1
Education Specialist & Sped Coordinator
7
Education Specialist
Education Specialist & 504 Coordinator
Sped Aide
Sped Aide
Education Specialist
SPED Aide
Psychologist


<< Page 1
9 8
English Teacher
English Teacher
History Teacher
Substitute Teacher
Physical Education Teacher
1
Teacher Aide


<< Page 1
Dean of Academics
10
Computer Science Teacher
English Teacher
Math Teacher
Science Teacher
Science Teacher
Social Studies Teacher
Social Studies Teacher
Spanish Teacher & EL Coordinator
College Counselor
Math Teacher


<< Page 1
Dean of Students
4
Discipline Coordinator
RJ Coordinator
Campus Supervisor
(ELIMINATE)

Coversheet

Magnolia Public Schools Student Health & Administration of Medications Policy - 2026 Update

Section: V. Action Items
Item: E. Magnolia Public Schools Student Health & Administration of Medications Policy - 2026 Update
Purpose: Vote
Submitted by:
Related Material: V.E Student Health & Administration of Medications Policy.pdf

Agenda Item:	V.E Action Item
Date:	October 8, 2026
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools ("**MPS**") Board of Directors (the "**Board**")
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead(s):	Gokhan Serce, Chief Academic Officer Meagan Wittek, Director of Student Services
RE:	MPS Student Health & Administration of Medication Policy – 2026 Update

Action Proposed:

Staff recommends and moves that the Board approve the updated MPS Student Health and Administration of Medication Policy and corresponding documents.

Background:

The MPS Administration of Medication Policy was last presented to the Board in 2023. The proposed update clarifies procedures for trained personnel responding to medical emergencies, updates provisions for emergency epinephrine and opioid antagonists, and adds guidance on student possession of certain over-the-counter opioid response supplies.

It also includes a revised Medication Authorization form for parents to complete, a new Student Emergency Action Plan/Individualized Healthcare Plan template to help schools document each student's daily health needs and emergency response instructions, and a revised Volunteer Notice to Administer Medication for staff to complete.

These revisions provide school staff with clearer procedures and updated forms for supporting students safely. The name of the updated policy has also been changed to Student Health and Administration of Medication Policy since it now includes more specific student health items.

Analysis:

The proposed policy gives schools clearer direction for administering medication and responding to student medical emergencies. The revised authorization form and new Emergency Action Plan/Individualized Healthcare Plan template provide a more consistent way to document provider instructions, parent consent, staff responsibilities, and each student's daily and emergency care needs. Implementation will require schools to use the updated forms, train designated staff, maintain accessible emergency supplies, and review student plans as needs change. These updates are intended to support consistent practices across MPS schools and timely, coordinated care for students.

Impact:

The updated policy is expected to improve consistency in how MPS schools document student health needs, administer medication, and respond to medical emergencies.

Budget Implications:
None

Exhibits:

A. MPS Student Health & Administration of Medications Policy_2026
B. Health and Safety – Admin of Medication Form
C. MPS Health and Safety – Volunteer Notice
D. MPS Student EAP-IHP

STUDENT HEALTH & ADMINISTRATION OF MEDICATION POLICY

The Magnolia Public Schools' ("MPS" or "Charter School") staff is responsible for overseeing the administration of medication to students attending MPS during the regular school day. Practices followed in medication administration must be carefully delineated to ensure the safety of our students and the legal protection of our employees.

Definitions

- "*Authorized health care provider*" means an individual who is licensed by the State of California to prescribe medication.

- "*Authorizing physician and surgeon*" may include, but is not limited to, a physician and surgeon employed by, or contracting with, a local educational agency, a medical director of the local health department, or a local emergency medical services director.

- "*School nurse*" means an individual who is currently a credentialed and licensed registered nurse employed by the Charter School.

- "*Designated personnel*" *or "volunteer"* means an individual employed by the Charter School who has consented to administer the particular medication or emergency assistance to individuals as permitted by this policy and may legally administer the medication or emergency assistance to the individual receiving it. To be eligible, the "designated personnel" or "volunteer" must have been designated by Charter School and have received the required training as set forth in this policy.

    - For the purposes of administering epinephrine delivery systems, this also includes a holder of an Activity Supervisor Clearance Certificate who has specifically volunteered to administer epinephrine delivery systems to a person if the person is suffering, or reasonably believed to be suffering, from anaphylaxis, or employees of a childcare program operated by or under contract with MPS, who have volunteered, received training, and are subject to liability limitations pursuant to Section 1596.7985 of the Health and Safety Code.

- "*Medication*" includes prescription medication, over-the-counter remedies, nutritional supplements, and herbal remedies. Sunscreen is not considered a medication.

- "*Opioid antagonist*" means naloxone hydrochloride ("NARCAN") or another drug approved by the federal Food and Drug Administration ("FDA") that, when administered, negates or neutralizes in whole or in part the pharmacological effects of an opioid in the body, and has been approved for the treatment of an opioid overdose.

- *"Epinephrine delivery system* means a disposable delivery device system designed for the delivery of a premeasured dose of epinephrine into the human body to prevent or treat a life-threatening allergic reaction.

- *"Anaphylaxis"* means a potentially life-threatening hypersensitivity to a substance. Symptoms of anaphylaxis may include shortness of breath, wheezing, difficulty breathing, difficulty talking or swallowing, hives, itching, swelling, shock, or asthma. Causes of anaphylaxis may include, but are not limited to, an insect sting, food allergy, drug reaction, and exercise.

- *"Childcare program"* means a state or federally subsidized childcare program operated by, or under contract with, the local educational agency, including, but not limited to, a California state preschool program or Head Start program pursuant to Chapter 2 (commencing with Section 8200) of Part 6 of Division 1 of Title 1, or a childcare program, including, but not limited to, general childcare and development programs pursuant to Part 1.8 (commencing with Section 10207) of Division 9 of the Welfare and Institutions Code.

- "*Regular school day*" includes during school hours, before- or after-school programs, field trips, extracurricular or co-curricular activities, and camps or other activities that typically involve at least one (1) overnight stay from home.

Administration of Medication with Charter School Assistance

Any student who is or may be required to take, during the regular school day, prescription medication prescribed or ordered for the student by an authorized health care provider may be assisted by the designated Charter School personnel.

In order for a student to be assisted by the designated Charter School personnel in administering medication, Charter School shall obtain both:

1. A written statement from the student's authorized health care provider detailing the name of the medication, method, amount/dosage, and time schedules by which the medication is to be taken, and

2. A written statement from the parent, foster parent, or guardian of the student indicating the desire that MPS assist the student in the matters set forth in the statement of the authorized health care provider.

These written statements specified shall be provided at least annually and more frequently if the medication, dosage/amount, frequency of administration, or reason for administration changes.

The primary responsibility for the administration of medication rests with the parent/guardian, student, and medical professionals.

Self-Administration of Medication (without Charter School Assistance)

The Charter School does not permit students to self-carry and self-administer prescription medication with the exception of auto-injectable epinephrine ("EpiPen") and inhaled asthma medication as authorized by a health care provider that has indicated that a student may need to take this medication or is required to take this medication during the regular school day. In order to carry and self-administer this medication, MPS must receive the following:

1. A written statement from the student's authorized health care provider (1) detailing the name of the medication, method, dosage/amount, and time schedules by which the medication is to be taken, and (2) confirming that the student is able to self-administer an EpiPen or inhaled asthma medication, and

2. A written statement from the parent, foster parent, or guardian of the student (1) consenting to the self-administration, (2) providing a release for the school nurse or designated Charter School personnel to consult with the health care provider of the student regarding any questions that may arise with regard to the medication, and (3) releasing MPS and Charter School personnel from civil liability if the self-administering student suffers an adverse reaction as a result of self-administering medication.

These written statements specified shall be provided at least annually and more frequently if the medication, dosage/amount, frequency of administration, or reason for administration changes.

MPS may elect to observe and document the student's ability to safely and competently self-carry and self-administer prescription medication as directed by the authorized healthcare provider. A student may be subject to disciplinary action if the student uses this prescription medication in a manner other than as prescribed.

Any student requiring insulin shots must establish a plan for the administration of insulin shots with the Principal or designee in consultation with the parent or guardian and the student's medical professional.

A student who is 12 years of age or older, while on campus or participating in school activities, may carry or administer naloxone hydrochloride nasal spray or another opioid antagonist that is federally approved for over-the-counter, nonprescription use, for the purposes of providing emergency treatment to persons who are suffering, or reasonably believed to be suffering, from an opioid overdose. Students who are in middle school or high school, while on campus or participating in school activities, may carry fentanyl test strips or a federally approved opioid antagonist for over-the-counter use for the emergency treatment of persons suffering, or reasonably believed to be suffering, from an opioid overdose.

Staff Training and Emergency Response

Additional information about staff training and the Charter School's response to emergencies

may be located within the Employment Handbook and/or the Comprehensive School Safety Plan.

A. Response to Anaphylactic Reaction

The trained personnel may use an epinephrine delivery system to provide emergency medical aid to persons suffering, or reasonably believed to be suffering from, an anaphylactic reaction at school or a school activity or program operated by or under contract with MPS. MPS will ensure that, at a minimum, it has the appropriate doses of available epinephrine delivery systems for the ages and weights of individuals at the school site and those participating in any childcare program operated by or under the control of MPS and stored in an accessible location to meet the needs of its students. MPS will ensure staff properly store, maintain, and restock the epinephrine delivery systems as needed.

Charter School will ensure any designated personnel are appropriately trained regarding the storage and emergency use of epinephrine delivery systems. Adequate training shall include all of the following:

1. Techniques for recognizing symptoms of anaphylaxis.

2. Standards and procedures for the storage, restocking, and emergency use of epinephrine delivery systems.

3. Emergency follow-up procedures, including calling the emergency 911 telephone number and contacting, if possible, the student's parent(s)/guardian(s) and physician.

4. Recommendations on the necessity of instruction and certification in cardiopulmonary resuscitation.

5. Instruction on how to determine which epinephrine delivery system to use, which shall include consideration of the age of the person suffering, or reasonably believed to be suffering, from an anaphylactic reaction as a guideline of equivalency for the person's weight determination.

6. Written materials covering the information required pursuant to the training. A copy of these written materials shall be made accessible, such as through publicly posting at the location of the epinephrine delivery systems.

MPS will distribute an annual notice to all staff describing the request for volunteers who will be trained to administer an epinephrine delivery system to a person if that person is suffering, or reasonably believed to be suffering from, anaphylaxis. The annual notice shall also describe the training the volunteer will receive and shall indicate the location of the epinephrine delivery systems on campus.

B. Response to a Diabetic or Hypoglycemic Emergency

MPS provides Charter School personnel with voluntary emergency medical training on how to

provide emergency medical assistance to students with diabetes suffering from severe hypoglycemia. The volunteer personnel shall provide this emergency care in accordance with the standards established herein and the performance instructions set forth by the licensed health care provider of the student. A Charter School employee who does not volunteer or who has not been trained pursuant to this Policy may not be required to provide emergency medical assistance.

Training by a physician, credentialed school nurse, registered nurse, or certificated public health nurse according to the standards established pursuant to this section shall be deemed adequate training. Training established shall include all of the following:

1. Recognition and treatment of hypoglycemia.

2. Administration of glucagon.

3. Basic emergency follow-up procedures, including, but not limited to, calling the emergency 911 telephone number and contacting, if possible, the student's parent(s)/ guardian(s) and licensed health care provider.

A Charter School employee shall notify the Principal or designee if the employee administers glucagon pursuant to this Policy.

All materials necessary to administer the glucagon shall be provided by the parent(s)/guardian(s) of the student.

In the case of a student who is able to self-test and monitor their own blood glucose level, upon written request of the parent or guardian, and with authorization of the licensed health care provider of the student, a student with diabetes shall be permitted to test their own blood glucose level and to otherwise provide diabetes self-care in the classroom, in any area of the Charter School or Charter School grounds, during any Charter School-related activity, and, upon specific request by a parent or guardian, in a private location.

Designated staff shall establish emergency procedures for specific medical conditions that require an immediate response (i.e. allergies, asthma, diabetes).

C. Response to an Opioid Overdose

MPS provides Charter School personnel with voluntary emergency medical training on the administration of intranasal naloxone hydrochloride as an opioid antagonist to students exhibiting potentially life-threatening symptoms, or reasonably believed to be suffering, from

an opioid overdose at school or a school activity. MPS will ensure staff properly store, maintain, and restock opioid antagonists as needed.

Students 12 years and older may carry fentanyl test strips and a federally approved opioid antagonist for over-the-counter use at a school site or while participating in school activities

Training shall include all of the following:

1. Techniques for recognizing symptoms of an opioid overdose.
2. Standards and procedures for the storage, restocking, and emergency use of intranasal naloxone hydrochloride or another intranasal opioid antagonist.
3. Basic emergency follow-up procedures, including, but not limited to, a requirement for the school or charter school administrator or, if the administrator is not available, another school staff member to call the emergency 911 telephone number and contact the student's parent(s)/guardian(s).
4. Recommendations on the necessity of instruction and certification in cardiopulmonary resuscitation.
5. Written materials covering the information required pursuant to the training.

The Principal or designee shall distribute an annual notice to all staff regarding volunteering for training to administer opioid antagonists and a volunteer's right to rescind their offer to volunteer.

D. Response to a Seizure, Seizure Disorder, or Epilepsy

Upon receipt of a request by a parent/guardian to administer anti-seizure medication when a student is suffering from a seizure, the Charter School may designate one or more volunteers to receive training to administer the anti-seizure medication. The Charter School may allow non-medical personnel to volunteer to provide medical assistance to students who are diagnosed with seizures, a seizure disorder, or epilepsy if the Charter School does not have a credentialed nurse or other licensed nurse on site. Charter School's volunteer personnel shall provide this emergency care in accordance with standards established herein and the performance instructions set forth by the licensed health care provider of the student. A Charter School employee who does not volunteer or who has not been trained pursuant to this Policy may not be required to provide emergency medical assistance. Volunteer employees are not providing this emergency medical care for compensation, notwithstanding that the employee is a paid public employee.

Upon receipt of the parent/guardian's request, the Charter School shall notify the parent/guardian that their child may qualify for services or accommodations under the Section 504 plan or an individualized education program ("IEP"), assist the parent/guardian with the exploration of that option, and encourage the parent/guardian to adopt that option if it is determined that the child is eligible for a Section 504 plan or an IEP. The Charter School shall obtain a signed notice verifying the parent/guardian was provided this information and has the right to request a Section 504 Plan or IEP at any time. Additionally, if the Charter School does not have any volunteers,

then Charter School shall notify the parent/guardian of the student's right to be assessed for a Section 504 plan or an IEP.

Prior to administering emergency anti-seizure medication, the Charter School shall obtain annually a signed seizure action plan from the parent/guardian, that includes the parent/guardian's authorization, in writing for the medication to be administered to the student at school by a non-medical professional who has received training, and a copy of a statement, in writing, from the student's health care provider that includes all of the following information:

- The student's name, the name, and purpose of the medication, its prescribed dosage, method of administration, and the frequency with which the medication may be administered;
- Detailed seizure symptoms, including frequency, type, or length of seizures that identify when the administration of an emergency anti-seizure medication becomes necessary;
- The circumstances under which the medication may be administered;
- Any potential adverse responses by the student and recommended mitigation actions, including when to call emergency services, including the emergency 911 telephone number;
- A protocol for observing the student after a seizure, including, but not limited to, whether the student should rest in the school office, whether the student may return to class, and the length of time they should be under direct observation; and
- How and where the emergency anti-seizure medication will be stored at the school

This plan shall be distributed to any Charter School personnel or volunteers responsible for the supervision or care of the student if the parent/guardian consents in writing and will be kept in a confidential file in the student's cumulative file, as applicable. Training will occur upon volunteering and thereafter annually at no cost to the employee and will occur during regular working hours. Training will be conducted by an authorized health care professional, all training will align with any minimum standards established by the California Department of Education ("CDE"), and will include:

1. Recognition of the signs and symptoms of seizures and the appropriate steps to be taken to respond to those symptoms;
2. Administration, or assisting with the self-administration of, an emergency anti-seizure medication, or a medication or therapy prescribed to treat the symptoms of seizures, seizure disorders, or epilepsy, including manual vagus nerve stimulation; and
3. Basic emergency follow-up procedures.

Any written materials used in the training shall be retained by the Charter School. The Charter School shall ensure that each employee who volunteers to administer anti-seizure medication in good faith will be provided defense and indemnification the Charter School for any and all civil liability barring gross negligence, or willful or wanton misconduct, and this information shall be reduced to writing, provided to the volunteer, and retained in the volunteer's personnel file.

Upon receipt of a parent/guardian's request to administer anti-seizure medication, the Charter School shall distribute a notice at least once but no more than two times per school year to all staff that includes all of the following information:

- A description of the volunteer request stating that the request is for volunteers to be trained to recognize and respond to seizures, including training to administer emergency anti-seizure medication to a student diagnosed with seizures, a seizure disorder, or epilepsy if the student is suffering from a seizure;
- A description of the training that the volunteer will receive;
- The right of an employee to rescind their offer to volunteer; and
- A statement that there will be no retaliation against any individual for rescinding the individual's offer to volunteer, including after receiving training.

If a volunteer rescinds the volunteer's offer to volunteer or is no longer able to act as a volunteer for any reason, or if the placement of a student changes and the student no longer has access to a trained volunteer, an additional two notices per school year may be distributed to all staff.

Upon administration of anti-seizure emergency medication by a volunteer employee, the Principal or designee shall be notified.

Storage and Record Keeping

1. All medication will be kept in a secure and appropriate storage location and administered per an authorized health care provider's instructions by appropriately designated staff.

2. Designated staff shall keep records of medication **administered by designated personnel** at MPS. The medication log may include the following:

    a. Student's name.
    b. Name of medication the student is required to take.
    c. Dose of medication.
    d. The method by which the student is required to take the medication.
    e. Time the medication is to be taken during the regular school day.
    f. Date(s) on which the student is required to take the medication.
    g. Authorized health care provider's name and contact information.
    h. A space for daily recording of medication administration to the student or otherwise assisting the student in the administration of the medication, such as the date, time, amount, and signature of the individual administering the medication or otherwise assisting in the administration of the medication.

3. Designated staff shall return all surplus, discontinued, or outdated medication to the parent/guardian upon completion of the regimen or prior to extended holidays. If the medication cannot be returned, it will be disposed of at the end of the school year

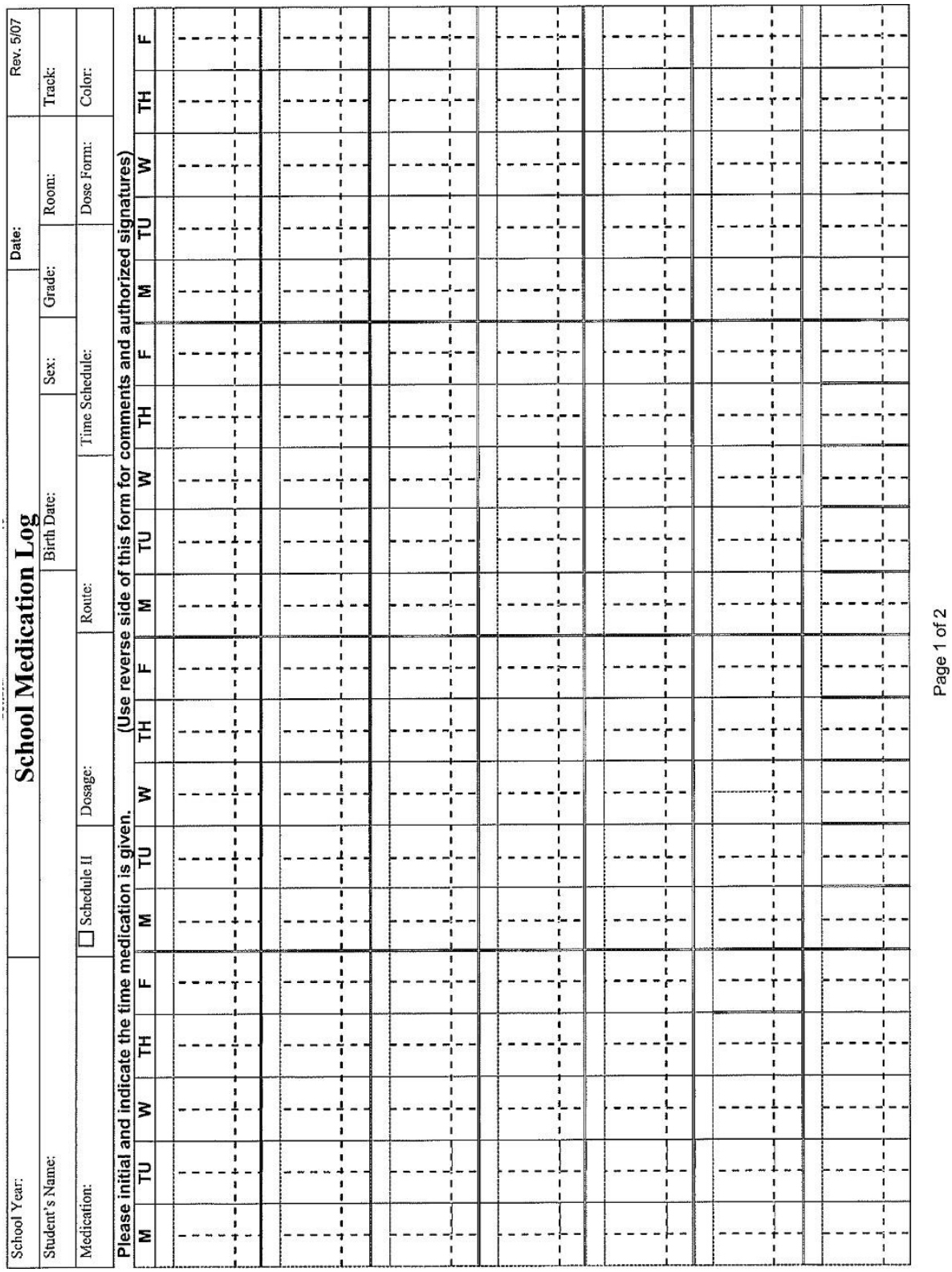
Non-Prescription Medication

In order to administer medication from over the counter (including vitamins, cough drops, etc.) the parent(s) and/or guardian(s) must submit a complete "Request For Medication To Be Taken During School Hours" form. In order to administer this medication, MPS must receive the following:

1. A written statement from the student's authorized health care provider and the parent's written consent. Procedures include
    a. Documentation detailing the name of the medication, method, dosage/amount, and time schedule by which the medication is to be taken, and whether the student is cleared for self-administration or will require assistance
    b. Medication must be brought to school in the original labeled container. These are to be kept in the main office of the school,
    c. Providing release to the Charter School Principal or designee to consult with the health care provider of the student regarding any questions that may arise with regard to the medication, and
    d. Releasing MPS and Charter School personnel from civil liability if a self-administering student suffers an adverse reaction as a result of self-administering medication.

MAGNOLIA PUBLIC SCHOOLS

ATTACHMENT A - School Medication Log



School Medication Log

School Year: | Date: | Rev. 5/07

Student's Name: | Birth Date: | Sex: | Grade: | Room: | Track:

Medication: | ☐ Schedule II | Dosage: | Route: | Time Schedule: | Dose Form: | Color:

Please initial and indicate the time medication is given. (Use reverse side of this form for comments and authorized signatures)

	M	TU	W	TH	F	M	TU	W	TH	F	M	TU	W	TH	F	M	TU	W	TH	F

Page 1 of 2

Powered by BoardOnTrack

School Year:	**School Medication Log**					Rev. 3/07
Student's Name:		Birth Date:	Sex:	Grade:	Room:	Track:
Medication:	LJ Schedule IL	Dosage:	Route:	Time Schedule:	Dose Fonn:	Colm;
Special Insln1ctions or Adverse Effects:						
Date Started:	Discontinued (If applicable):	Name of Teacher Notified:			Date notified:	
Parent's Name:		Parent's Phone: Home: ( )	Work: ( )		Cell/Pager: ( )	
Physician's Name:	Address:	City:	Zip code:	Phone: ( )		
Medication order transcribed by (School N1use):		Date:				

AUTHORIZED SIGNATURES:

_____ Initial _____ Initial _____ Initial

_____ Initial _____ Initial _____ Initial

COMMENTS:

DATE	REMARKS	SIGNATURE

Instructions:

1. Indicate lime administered & initial in the appropriate box.
2. For Schedule II drugs, count upon receipt of medication and refills. Verify count with 2 adult signatures on corresponding signature line. Circle count when refill is received.
3. For Schedule II drugs, indicate count after each dose administration in the lower box.

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MAGNOLIA PUBLIC SCHOOLS

ATTACHMENT B - Medical Emergency Documentation

Medical Emergency Documentation

Student Full Name: _____

Grade: _____

Date of Birth: _____

Gender: _____

Date and Time of Medical Emergency: _____

Nature of Emergency: _____

Location of Emergency: _____

Details of Emergency Response (action taken during the emergency response, such as first aid, emergency services contacted (reason), and any other relevant information):

Identities of Individuals Involved:

Student(s): _____

Staff: _____

Other: _____

Communication with Parents or Guardians:

Follow-up Care/Care Provided to Student:

Incident Report - summarizing the details of the emergency.

Emergency services should be provided with the following:

- **Student's emergency contact information**
- **Any known health conditions**
- **Copy of form for emergency services and school documentation**

Complete the form and submit it to the school site administration and Magnolia Public Schools

COMPLETION OF FORM

Staff Member and Date: _____

ATTACHMENT C - Request for Medication to be Taken During School Hours

PARENT/GUARDIAN REQUEST AND CONSENT FOR THE ADMINISTRATION OF MEDICATION

(Prescription or Nonprescription)

This request is valid for a maximum of one school year.

School Year: _____

Name of Student: _____ Birthdate: _____

Address: _____

School/Organization: _____

Relationship of Signer to Student (e.g., parent, legal guardian): _____

Pursuant to state law and school policy, Magnolia Public Schools ("MPS" or "Charter School") allows the school nurse or other designated non-medically licensed school personnel to assist students who need to take medication during the regular school day.

I will notify MPS immediately and submit a new form if there is any change in the medication, dosage, time of administration, or prescribing authorized health care provider.

Consent for Administration

Self-administration is permitted only if selected below and the authorized health care provider confirms the student's capacity to self-administer in the statement on page 2.

☐ **Assisted Administration –** I request that designated school personnel administer the medication to my child during the regular school day, in accordance with the authorized health care provider's written instructions.

☐ **Self-Administration –** If the medication is an asthma inhaler or epinephrine delivery system, I consent to my child carrying and self-administering the medication as needed and in accordance with the authorized health care provider's authorization and written recommendation. I release MPS and school personnel from civil or criminal liability if my child suffers an adverse reaction as a result of self-administering the medication.

One of the above two boxes MUST be checked.

Authorization for Release of Information

☐ **Yes –** I give permission for an MPS representative to exchange medication-related information with the authorized health care provider as needed to dispense the medication to my child.

☐ **No –** I do not give permission for an MPS representative to exchange medication-related information with the authorized health care provider as needed to dispense the medication to my child.

If neither box above is checked, MPS will treat this authorization as declined.

Parent/Guardian Printed Name: _____

Parent/Guardian Signature: _____Date: _____

Telephone (Work/Cell): _____ (Home): _____

AUTHORIZED HEALTH CARE PROVIDER STATEMENT REGARDING ADMINISTRATION OF MEDICATION

Reason for Medication: _____

Medication: _____ Dose: _____

Method of Administration: _____ Time: _____

If PRN, amount of time between doses: _____ Maximum # of doses per day: _____

Possible medication reactions: _____

Method of storage of medication (note if it needs to be refrigerated): _____

Instructions for emergency care: _____

Authorized Health Care Provider Signature: _____

Authorized Health Care Provider Name (print clearly): _____

Telephone: _____ Date of Request: _____

Date to Discontinue Medication: _____ Medication Expiration Date: _____

Regarding Student Capacity for Self-Administration

☐ If the medication listed above is an asthma inhaler or epinephrine delivery system, it is my professional opinion that this student should be permitted to carry and self-administer the medication. This student has been instructed and demonstrates an understanding of proper usage.

SCHOOL USE ONLY

Review confirms that the medication, dosage, and provider instructions above have been received and that storage and administration have been arranged consistent with the MPS Administration of Medication Policy.

Reviewed by (Name/Title): _____

Date: _____

ATTACHMENT D – Student EAP/IHP Forms

Student Emergency Action Plan (EAP) / Individualized Healthcare Plan (IHP)

To be kept in the Main/Health Office and in the student's Education Record

CONFIDENTIAL STUDENT HEALTH INFORMATION

School: _____

School Year: _____

Student Information

Student Name: _____

Date of Birth: _____ **Grade:** _____

Teacher/Homeroom: _____

Student ID #: _____

Primary Health Condition/Diagnosis:

_____

Other Relevant Medical Conditions:

_____

Known Allergies:

_____

_____

1. Parent/Guardian & Emergency Contacts

Parent/Guardian #1: _____

Relationship: _____

Phone: _____ **Alternate:** _____

_____

Parent/Guardian #2: _____

Relationship: _____

Phone: _____ **Alternate:** _____

Additional Emergency Contact: _____

Relationship: _____

Phone: _____

2. Healthcare Provider Information

Physician/Authorized Healthcare Provider:

Practice/Clinic: _____

Phone: _____ **Fax:** _____

Specialist, if applicable: _____

Phone: _____

3. Student's Typical/Baseline Presentation

When medically stable, this student typically:

Important information staff should know about this student's condition:

4. Early Warning Signs & Symptoms Staff should watch for:

- Change in behavior or level of alertness
- Confusion
- Dizziness
- Shaking/trembling
- Sweating
- Weakness/fatigue

- Headache
- Nausea/vomiting
- Difficulty speaking
- Difficulty breathing
- Loss of consciousness
- Seizure activity
- Other: _____
- Other: _____

Student-specific warning signs:

_____

_____

_____

5. STEP-BY-STEP EMERGENCY RESPONSE

If the student begins showing symptoms:

STEP 1 — Stay With the Student

- Remain calm.
- Do not leave the student unattended.
- Notify the designated health office/nurse/trained staff member immediately.
- Maintain the student's privacy and dignity.

STEP 2 — Assess the Student

Staff should look for the following student-specific symptoms:

_____

_____

STEP 3 — Take the Following Action

Healthcare provider instructions:

1. _____
2. _____

3.

4.

5.

STEP 4 — Medication/Emergency Treatment

- ☐ Assist student with taking or self-administering medication (Education Code section 49423)
- ☐ Administer epinephrine auto-injector (Education Code section 49414)
- ☐ Administer glucagon for severe hypoglycemia (Education Code section 49414.5)
- ☐ Administer emergency anti-seizure medication as a trained volunteer. This requires a separate Seizure Action Plan meeting the requirements of Education Code section 49468.3. Do not rely on this plan alone to authorize administration of anti-seizure medication.
- ☐ Other (specify): _____

***Note regarding seizure emergencies**: If this student is diagnosed with seizures, a seizure disorder, or epilepsy and may need emergency anti-seizure medication, the school must also complete and maintain a Seizure Action Plan that satisfies Education Code section 49468.3, including the required parent notice regarding Section 504 and IEP rights and annual authorization renewal. This EAP/IHP does not substitute for that plan.*

Medication/Treatment: _____

Dose: _____

Route: _____

When to Administer:

May dose be repeated?

- ☐ No
- ☐ Yes — If yes, when/how often? _____

Medication Location: _____

Student may self-carry/self-administer if authorized (must have a completed & signed "Consent for the Administration of Medication" form on file:

- ☐ Yes
- ☐ No

6. CALL 911 IMMEDIATELY IF:

- Student loses consciousness
- Student has difficulty breathing
- Student is unresponsive
- Emergency medication is administered
- Seizure lasts longer than _____ minutes
- Multiple seizures occur without recovery between episodes
- Student experiences severe injury during the event
- Symptoms do not improve after _____
- Other: _____
- Other: _____

Additional healthcare provider instructions for calling 911:

_____

_____

_____

7. WHILE WAITING FOR EMS

Staff should:

- Remain with the student.
- Follow the student's Emergency Action Plan.
- Continue monitoring breathing, responsiveness, and symptoms.
- Follow CPR/AED protocols if indicated and staff are trained.

- Send a staff member to meet emergency responders and direct them to the student.
- Have the student's emergency information and medications available for responders.
- Contact the parent/guardian according to school emergency procedures.

Additional instructions:

8. AFTER THE MEDICAL EVENT

Following stabilization of the student:

- ☐ Parent/guardian notified
- ☐ Administrator notified
- ☐ School nurse/health designee notified
- ☐ Incident documented according to school procedures
- ☐ Medication administration documented, if applicable
- ☐ Healthcare provider contacted, if applicable
- ☐ Student's EAP/IHP reviewed for possible revision
- ☐ Staff debrief completed, if appropriate

Additional follow-up instructions:

9. Daily Health Management / Individualized Healthcare Needs During the School Day

The student requires:

- ☐ Medication
- ☐ Blood glucose monitoring
- ☐ Access to food/snacks
- ☐ Access to water
- ☐ Unrestricted restroom access
- ☐ Activity modifications
- ☐ Rest/recovery periods
- ☐ Seizure precautions

- ☐ Dietary accommodations
- ☐ Health office check-ins
- ☐ Assistance during PE/physical activity
- ☐ Other: _____

If any of the healthcare needs identified above also involve an ongoing academic accommodation, activity restriction, or schedule modification, staff should notify the school's Section 504 coordinator or special education designee to consider whether a Section 504 or special education evaluation referral is warranted. Use of this plan does not waive or delay the school's Child Find obligations.

Schedule/Specific Instructions:

Time/Setting	Healthcare Need	Staff Responsibility

10. Special Considerations

Classroom

Physical Education / Athletics

Recess / Lunch

Field Trips

Before/After-School Programs

Transportation

Emergency Evacuation / Disaster Procedures

11. Staff Awareness & Training

The following staff members should be familiar with this plan, consistent with student privacy requirements and their responsibility for the student's care:

- Classroom teacher(s)
- Substitute teacher information system/binder
- School nurse/health office staff
- Administrators
- Aides/paraprofessionals
- PE staff/coaches
- Campus supervisors
- Before/after-school staff
- Transportation staff
- Other: _____

Staff requiring condition-specific training:

Condition-specific training must be provided by a school nurse or other individual qualified under applicable law, such as a physician-designated trainer for anti-seizure medication consistent with the minimum training standards established under Education Code section 49468.2. Written training materials must be retained by the school.

Training Completed By:

Training Date: _____

12. Location of Plan & Emergency Supplies

Copies of this plan will be maintained in secure but readily accessible locations for staff responsible for the student's care.

Primary EAP/IHP Location:

Additional Authorized Location(s):

- Health Office
- Secure Classroom Emergency Binder
- Main Office
- Student Emergency/Go Bag
- Other: _____

Emergency Medication/Supply Location:

Backup Medication/Supply Location:

> *Student medical information must be kept confidential and accessible only to staff who need the information to safely support the student.*

This information is protected as an education record under the Family Educational Rights and Privacy Act (FERPA), 20 U.S.C. section 1232g. It is not health information governed by the Health Insurance Portability and Accountability Act (HIPAA), as the school is not a HIPAA covered entity with respect to these records.

13. Parent/Guardian Authorization

I have reviewed this Emergency Action Plan/Individualized Healthcare Plan and authorize school personnel to follow the healthcare provider's instructions contained in this plan.

I authorize school personnel to communicate with the student's healthcare provider as permitted by applicable law and any required authorization forms for purposes of implementing this plan.

This authorization is effective for the school year in which it is signed and must be renewed annually, or sooner if the student's medical condition, treatment, or authorized personnel change.

I understand that use of this plan does not replace my right to request an evaluation for a Section 504 plan or an Individualized Education Program (IEP) at any time, and that school personnel have informed me of this right.

I understand that emergency care under this plan, including administration of medication where

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applicable, may be provided by trained school personnel who are not licensed medical professionals, consistent with California law.

Parent/Guardian Initials acknowledging this notice: _____

Parent/Guardian Name: _____

Signature: _____

Date: _____

Best Contact Number: _____

14. Healthcare Provider Orders & Authorization

I have reviewed this student's health condition and authorize the school to implement the medical instructions and emergency procedures contained in this plan.

Healthcare Provider Name: _____

License/Title: _____

Signature: _____

Date: _____

Phone: _____

Fax: _____

15. School Review

School Nurse/Health Designee: _____

Signature: _____

Date: _____

Administrator: _____

Signature: _____

Date: _____

Plan Review & Renewal

This plan should be reviewed:

- At the beginning of each school year
- Whenever the student's medical condition or treatment changes
- Following a significant medical emergency
- When medications or healthcare provider orders change
- When requested by the parent/guardian or healthcare provider
- When required by law for specific medications (for example, annual renewal of Seizure Action Plan authorizations under Education Code section 49468.3)

Plan Effective Date: _____

Review Date: _____

Expiration/Annual Renewal Date: _____

EMERGENCY QUICK REFERENCE

Gives staff immediate instructions without unnecessarily distributing the student's complete medical information. ***To be kept in secure classroom/emergency binders.***

Student: _____

Condition: _____

If symptoms occur:

1. STAY WITH STUDENT

2. CALL: _____

3. DO:

---

4. GIVE:

---

5. CALL 911 IF:

---

6. CONTACT PARENT/GUARDIAN:

Emergency Medication Location:

PARENT/GUARDIAN REQUEST AND CONSENT FOR THE ADMINISTRATION OF MEDICATION

(Prescription or Nonprescription)

This request is valid for a maximum of one school year.

School Year: _____

Name of Student: _____ Birthdate: _____

Address: _____

School/Organization: _____

Relationship of Signer to Student (e.g., parent, legal guardian): _____

Pursuant to state law and school policy, Magnolia Public Schools ("MPS" or "Charter School") allows the school nurse or other designated non-medically licensed school personnel to assist students who need to take medication during the regular school day.

I will notify MPS immediately and submit a new form if there is any change in the medication, dosage, time of administration, or prescribing authorized health care provider.

Consent for Administration

Self-administration is permitted only if selected below and the authorized health care provider confirms the student's capacity to self-administer in the statement on page 2.

☐ **Assisted Administration –** I request that designated school personnel administer the medication to my child during the regular school day, in accordance with the authorized health care provider's written instructions.

☐ **Self-Administration –** If the medication is an asthma inhaler or epinephrine delivery system, I consent to my child carrying and self-administering the medication as needed and in accordance with the authorized health care provider's authorization and written recommendation. I release MPS and school personnel from civil or criminal liability if my child suffers an adverse reaction as a result of self-administering the medication.

One of the above two boxes MUST be checked.

Authorization for Release of Information

☐ **Yes –** I give permission for an MPS representative to exchange medication-related information with the authorized health care provider as needed to dispense the medication to my child.

☐ **No –** I do not give permission for an MPS representative to exchange medication-related information with the authorized health care provider as needed to dispense the medication to my child.

If neither box above is checked, MPS will treat this authorization as declined.

Parent/Guardian Printed Name: _____

Parent/Guardian Signature: _____Date: _____

Telephone (Work/Cell): _____ (Home): _____

AUTHORIZED HEALTH CARE PROVIDER STATEMENT REGARDING ADMINISTRATION OF MEDICATION

Reason for Medication: _____

Medication: _____ Dose: _____

Method of Administration: _____ Time: _____

If PRN, amount of time between doses: _____ Maximum # of doses per day: _____

Possible medication reactions: _____

Method of storage of medication (note if it needs to be refrigerated): _____

Instructions for emergency care: _____

Authorized Health Care Provider Signature: _____

Authorized Health Care Provider Name (print clearly): _____

Telephone: _____ Date of Request: _____

Date to Discontinue Medication: _____ Medication Expiration Date: _____

Regarding Student Capacity for Self-Administration

☐ If the medication listed above is an asthma inhaler or epinephrine delivery system, it is my professional opinion that this student should be permitted to carry and self-administer the medication. This student has been instructed and demonstrates an understanding of proper usage.

SCHOOL USE ONLY

Review confirms that the medication, dosage, and provider instructions above have been received and that storage and administration have been arranged consistent with the MPS Administration of Medication Policy.

Reviewed by (Name/Title): _____

Date: _____

Volunteers Needed: Helping Students with Medication at School
Notice and Sign-Up Form

Dear Staff,

Magnolia Public Schools ("MPS" or the "Charter School") is looking for staff members who are willing to volunteer to help students with medication at school. Some of these roles involve giving routine medication. Others involve responding quickly in an emergency, when a trained adult on site can make a real difference for a student.

Volunteering is completely optional. If you volunteer, you will receive the training required by law before you are asked to help. Please read the options below and let us know if you are interested.

If you are interested in volunteering, please email [INSERT PRINCIPAL'S NAME AND CONTACT INFO].

Volunteer Roles and Required Training

You may volunteer for one role, several roles, or none. Each role below describes what you would do and the training you would receive.

1. Giving Routine Medication

What you would do:

Give prescription or non-prescription medication to students, following written instructions from the student's parent or guardian and authorized health care provider.

2. Using an Epinephrine Delivery System (e.g. EpiPen) for Severe Allergic Reactions

What you would do:

Use an epinephrine delivery system (for example, an EpiPen) to give emergency aid to a student or other person who is having, or who you reasonably believe is having, a severe allergic reaction (anaphylaxis). Emergency epinephrine delivery systems are stored [INSERT LOCATION ON CAMPUS WHERE THEY ARE STORED].

Training you would receive:

- How to recognize the symptoms of anaphylaxis.
- How to store, restock, and use epinephrine delivery systems in an emergency.
- What to do after an emergency, including calling 911 and, if possible, contacting the student's parent or guardian and physician.

- Recommendations about whether to get cardiopulmonary resuscitation (CPR) instruction and certification.
- How to decide which epinephrine delivery system to use, using the student's grade level or age as a guide to the student's approximate weight.
- Written materials covering all of the above.

3. Responding to Severe Low Blood Sugar in Students with Diabetes

What you would do:

Give emergency medical help, including glucagon, to a student with diabetes who is experiencing severe hypoglycemia (dangerously low blood sugar).

Training you would receive:

Training will be provided by a physician, credentialed nurse, registered nurse, or certificated public health nurse, and will meet the standards required by law. It will cover:

- How to recognize and treat hypoglycemia.
- How to give glucagon.
- What to do after an emergency, including calling 911 and, if possible, contacting the student's parent or guardian and licensed health care provider.

4. Responding to a Suspected Opioid Overdose (Narcan)

What you would do:

Give an opioid antagonist, such as naloxone (Narcan), to a student who is showing potentially life-threatening symptoms of an opioid overdose, or who you reasonably believe is experiencing one, at school or at a school activity.

Training you would receive:

- How to recognize the symptoms of an opioid overdose.
- How to store, restock, and use naloxone or another opioid antagonist in an emergency.
- What to do after an emergency, including the requirement that the school administrator (or, if the administrator is not available, another staff member) call 911 and contact the student's parent or guardian.
- Recommendations about whether to get CPR instruction and certification.
- Written materials covering all of the above.

5. Responding to Seizures

What you would do:

Give emergency anti-seizure medication to a student who has been diagnosed with seizures, a seizure disorder, or epilepsy.

Training you would receive:
Training will be provided by an authorized health care professional and will cover:

- How to recognize the signs and symptoms of a seizure and the steps to take in response.
- How to give, or help a student give themselves, emergency anti-seizure medication or another medication or therapy prescribed for seizures, including manual vagus nerve stimulation.
- What to do after an emergency.

Your Legal Protection

If you volunteer and give medication in line with the Charter School's Administration of Medications Policy, the Charter School will defend you and cover your liability ("defend and indemnify") if you face a civil lawsuit or criminal prosecution because of something you did or did not do while giving that medication.

This protection does not apply if your actions or omissions amount to gross negligence, willful or wanton misconduct, or an illegal act. In addition, if you are a licensed health care professional, this protection does not prevent your licensing board from taking disciplinary action against you.

Volunteer Sign-Up

If you would like to volunteer, check the box next to each role you are interested in, sign below, and return this notice and form to [INSERT NAME, INSERT CONTACT INFO].

I would like to volunteer to:

☐ Give routine prescription or non-prescription medication to students, following written instructions from the parent or guardian and authorized health care provider.

☐ Use an epinephrine delivery system (EpiPen) to give emergency aid for a severe allergic reaction (anaphylaxis).

☐ Give emergency help, including glucagon, to students with diabetes experiencing severe low blood sugar (hypoglycemia).

☐ Give an opioid antagonist, such as naloxone (Narcan), to a student experiencing a suspected opioid overdose at school or a school activity.

☐ Give emergency anti-seizure medication to a student diagnosed with seizures, a seizure disorder, or epilepsy.

By signing below, I confirm that I am volunteering freely, that I will complete the required training before serving in any role I selected, and that I understand I may withdraw at any time without retaliation.

Employee Name: _____

Employee Signature: _____

Date: _____

Changing Your Mind

You may withdraw your offer to volunteer at any time, for any reason, including after you have completed training. **No one will face retaliation for withdrawing.**

To withdraw, send a written notice to [INSERT PRINCIPAL'S NAME AND CONTACT INFO] that states which role(s) you are withdrawing from and the date your withdrawal takes effect.

Thank you for considering this opportunity to support our students.

Sincerely,

[INSERT PRINCIPAL'S NAME]
Principal

Student Emergency Action Plan (EAP) / Individualized Healthcare Plan (IHP)

To be kept in the Main/Health Office and in the student's Education Record

CONFIDENTIAL STUDENT HEALTH INFORMATION

School: _____

School Year: _____

Student Information

Student Name: _____

Date of Birth: _____ **Grade:** _____

Teacher/Homeroom: _____

Student ID #: _____

Primary Health Condition/Diagnosis:

_____

Other Relevant Medical Conditions:

_____

Known Allergies:

_____

_____

1. Parent/Guardian & Emergency Contacts

Parent/Guardian #1: _____

Relationship: _____

Phone: _____ **Alternate:** _____

Parent/Guardian #2: _____

Relationship: _____

Phone: _____ **Alternate:** _____

Additional Emergency Contact: _____

Relationship: _____

Phone: _____

2. Healthcare Provider Information

Physician/Authorized Healthcare Provider:

Practice/Clinic: _____

Phone: _____ **Fax:** _____

Specialist, if applicable: _____

Phone: _____

3. Student's Typical/Baseline Presentation

When medically stable, this student typically:

_____

_____

Important information staff should know about this student's condition:

_____

_____

_____

4. Early Warning Signs & Symptoms

Staff should watch for:

- Change in behavior or level of alertness
- Confusion
- Dizziness
- Shaking/trembling
- Sweating
- Weakness/fatigue
- Headache
- Nausea/vomiting
- Difficulty speaking
- Difficulty breathing
- Loss of consciousness
- Seizure activity
- Other: _____
- Other: _____

Student-specific warning signs:

_____

_____

_____

5. STEP-BY-STEP EMERGENCY RESPONSE

If the student begins showing symptoms:

STEP 1 — Stay With the Student

- Remain calm.
- Do not leave the student unattended.
- Notify the designated health office/nurse/trained staff member immediately.
- Maintain the student's privacy and dignity.

STEP 2 — Assess the Student

Staff should look for the following student-specific symptoms:

_____

_____

STEP 3 — Take the Following Action

Healthcare provider instructions:

1.
2. _____
3. _____
4. _____
5. _____

_____

STEP 4 — Medication/Emergency Treatment

- ☐ Assist student with taking or self-administering medication (Education Code section 49423)
- ☐ Administer epinephrine auto-injector (Education Code section 49414)
- ☐ Administer glucagon for severe hypoglycemia (Education Code section 49414.5)
- ☐ Administer emergency anti-seizure medication as a trained volunteer. This requires a separate Seizure Action Plan meeting the requirements of Education Code section

49468.3. Do not rely on this plan alone to authorize administration of anti-seizure medication.

☐ Other (specify): _____

Note regarding seizure emergencies*: If this student is diagnosed with seizures, a seizure disorder, or epilepsy and may need emergency anti-seizure medication, the school must also complete and maintain a Seizure Action Plan that satisfies Education Code section 49468.3, including the required parent notice regarding Section 504 and IEP rights and annual authorization renewal. This EAP/IHP does not substitute for that plan.*

Medication/Treatment: _____

Dose: _____

Route: _____

When to Administer:

May dose be repeated?

☐ No
☐ Yes — If yes, when/how often? _____

Medication Location: _____

Student may self-carry/self-administer if authorized (must have a completed & signed "Consent for the Administration of Medication" form on file:

☐ Yes
☐ No

6. CALL 911 IMMEDIATELY IF:

- Student loses consciousness
- Student has difficulty breathing
- Student is unresponsive

- Emergency medication is administered
- Seizure lasts longer than _____ minutes
- Multiple seizures occur without recovery between episodes
- Student experiences severe injury during the event
- Symptoms do not improve after _____
- Other: _____
- Other: _____

Additional healthcare provider instructions for calling 911:

_____

_____

_____

7. WHILE WAITING FOR EMS

Staff should:

- Remain with the student.
- Follow the student's Emergency Action Plan.

- Continue monitoring breathing, responsiveness, and symptoms.

- Follow CPR/AED protocols if indicated and staff are trained.
- Send a staff member to meet emergency responders and direct them to the student.
- Have the student's emergency information and medications available for responders.
- Contact the parent/guardian according to school emergency procedures.

Additional instructions:

_____

_____

_____

8. AFTER THE MEDICAL EVENT

Following stabilization of the student:

- ☐ Parent/guardian notified
- ☐ Administrator notified

- ☐ School nurse/health designee notified
- ☐ Incident documented according to school procedures
- ☐ Medication administration documented, if applicable
- ☐ Healthcare provider contacted, if applicable
- ☐ Student's EAP/IHP reviewed for possible revision
- ☐ Staff debrief completed, if appropriate

Additional follow-up instructions:

_____

_____

_____

9. Daily Health Management / Individualized Healthcare Needs

During the School Day

The student requires:

- ☐ Medication
- ☐ Blood glucose monitoring
- ☐ Access to food/snacks
- ☐ Access to water
- ☐ Unrestricted restroom access
- ☐ Activity modifications
- ☐ Rest/recovery periods
- ☐ Seizure precautions
- ☐ Dietary accommodations
- ☐ Health office check-ins
- ☐ Assistance during PE/physical activity
- ☐ Other: _____

If any of the healthcare needs identified above also involve an ongoing academic accommodation, activity restriction, or schedule modification, staff should notify the school's Section 504 coordinator or special education designee to consider whether a Section 504 or special education evaluation referral is warranted. Use of this plan does not waive or delay the school's Child Find obligations.

Schedule/Specific Instructions:

Time/Setting	Healthcare Need	Staff Responsibility

10. Special Considerations

Classroom

Physical Education / Athletics

Recess / Lunch

Field Trips

Before/After-School Programs

Transportation

Emergency Evacuation / Disaster Procedures

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11. Staff Awareness & Training

The following staff members should be familiar with this plan, consistent with student privacy requirements and their responsibility for the student's care:

- Classroom teacher(s)
- Substitute teacher information system/binder
- School nurse/health office staff
- Administrators
- Aides/paraprofessionals
- PE staff/coaches
- Campus supervisors
- Before/after-school staff
- Transportation staff
- Other: _____

Staff requiring condition-specific training:

Condition-specific training must be provided by a school nurse or other individual qualified under applicable law, such as a physician-designated trainer for anti-seizure medication consistent with the minimum training standards established under Education Code section 49468.2. Written training materials must be retained by the school.

Training Completed By:

Training Date: _____

12. Location of Plan & Emergency Supplies

Copies of this plan will be maintained in secure but readily accessible locations for staff responsible for the student's care.

Primary EAP/IHP Location:

Additional Authorized Location(s):

- Health Office
- Secure Classroom Emergency Binder
- Main Office
- Student Emergency/Go Bag
- Other: _____

Emergency Medication/Supply Location:

Backup Medication/Supply Location:

> *Student medical information must be kept confidential and accessible only to staff who need the information to safely support the student.*

This information is protected as an education record under the Family Educational Rights and Privacy Act (FERPA), 20 U.S.C. section 1232g. It is not health information governed by the Health Insurance Portability and Accountability Act (HIPAA), as the school is not a HIPAA covered entity with respect to these records.

13. Parent/Guardian Authorization

I have reviewed this Emergency Action Plan/Individualized Healthcare Plan and authorize school personnel to follow the healthcare provider's instructions contained in this plan.

I authorize school personnel to communicate with the student's healthcare provider as permitted by applicable law and any required authorization forms for purposes of implementing this plan.

This authorization is effective for the school year in which it is signed and must be renewed annually, or sooner if the student's medical condition, treatment, or authorized personnel change.

I understand that use of this plan does not replace my right to request an evaluation for a Section 504 plan or an Individualized Education Program (IEP) at any time, and that school personnel have informed me of this right.

I understand that emergency care under this plan, including administration of medication where applicable, may be provided by trained school personnel who are not licensed medical professionals, consistent with California law.

Parent/Guardian Initials acknowledging this notice: _____

Parent/Guardian Name: _____

Signature: _____

Date: _____

Best Contact Number: _____

14. Healthcare Provider Orders & Authorization

I have reviewed this student's health condition and authorize the school to implement the medical instructions and emergency procedures contained in this plan.

Healthcare Provider Name: _____

License/Title: _____

Signature: _____

Date: _____

Phone: _____

Fax: _____

15. School Review

School Nurse/Health Designee: _____

Signature: _____

Date: _____

Administrator: _____

Signature: _____

Date: _____

Plan Review & Renewal

This plan should be reviewed:

- At the beginning of each school year
- Whenever the student's medical condition or treatment changes
- Following a significant medical emergency
- When medications or healthcare provider orders change
- When requested by the parent/guardian or healthcare provider
- When required by law for specific medications (for example, annual renewal of Seizure Action Plan authorizations under Education Code section 49468.3)

Plan Effective Date: _____

Review Date: _____

Expiration/Annual Renewal Date: _____

EMERGENCY QUICK REFERENCE

Gives staff immediate instructions without unnecessarily distributing the student's complete medical information. ***To be kept in secure classroom/emergency binders.***

Student: _____

Condition: _____

If symptoms occur:

1. STAY WITH STUDENT

2. CALL: _____

3. DO:

---

4. GIVE:

---

5. CALL 911 IF:

---

6. CONTACT PARENT/GUARDIAN:

Emergency Medication Location:
