



# Liberty Charter Academy

## Board Meeting

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### Date and Time

Thursday March 13, 2025 at 6:00 PM EDT

### Location

Hayes Law  
4089 Battleground Ave.  
Greensboro

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### Agenda

	Purpose	Presenter	Time
<b>I. Opening Items</b>			<b>6:00 PM</b>
<b>A.</b> Record Attendance			1 m
<b>B.</b> Call the Meeting to Order		John O'Day	
<b>C.</b> Read the mission statement			1 m
<b>D.</b> Approve Agenda	Vote	John O'Day	
<b>E.</b> Approve Minutes	Approve Minutes	John O'Day	1 m
Approve minutes for Board Meeting on February 20, 2025			
<b>II. Principal's Report</b>			<b>6:03 PM</b>

	Purpose	Presenter	Time
<b>A.</b> Principal's Report	FYI	Mary Catherine Sauer	10 m
<b>III. Ready To Open</b>			<b>6:13 PM</b>
<b>A.</b> Discussion and approval of Beginning Teacher Support Plan	Vote	Mary Catherine Sauer	5 m
<b>IV. Finance</b>			<b>6:18 PM</b>
<b>A.</b> Financial Reports - Budget Revisions	Vote	Mary Catherine Sauer	10 m
<b>B.</b> Bond Documents	Discuss	Mary Catherine Sauer	10 m
<b>V. Closed Session</b>			<b>6:38 PM</b>
<b>A.</b> Enter Closed Session	Vote	John O'Day	10 m
I make a motion to enter closed session to discuss confidential personnel information.			
<b>B.</b> Exit Closed Session	Vote	John O'Day	1 m
I make a motion to exit closed session.			
<b>VI. Personnel</b>			<b>6:49 PM</b>
<b>A.</b> Approve Personnel Report			2 m
I make a motion to approve the personnel report as presented.			
<b>VII. Closing Items</b>			<b>6:51 PM</b>
<b>A.</b> Adjourn Meeting	Vote		

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*Liberty Charter Academy will develop responsible and active citizens through a foundation of a challenging, classical academic program, character education, student responsibility, and strong parental partnerships.*

# Coversheet

## Approve Minutes

<b>Section:</b>	I. Opening Items
<b>Item:</b>	E. Approve Minutes
<b>Purpose:</b>	Approve Minutes
<b>Submitted by:</b>	
<b>Related Material:</b>	Minutes for Board Meeting on February 20, 2025

DRAFT



# Liberty Charter Academy

## Minutes

### Board Meeting

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#### Date and Time

Thursday February 20, 2025 at 6:00 PM

#### Location

Virtual

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#### Directors Present

A. Miller (remote), D. MacColl (remote), D. Williams (remote), J. O'Day (remote), M. Schneider (remote)

#### Directors Absent

V. Jones

#### Guests Present

D. English (remote), M. Sauer (remote)

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### I. Opening Items

#### A. Record Attendance

#### B. Call the Meeting to Order

J. O'Day called a meeting of the board of directors of Liberty Charter Academy to order on Thursday Feb 20, 2025 at 6:03 PM.

#### C. Reading of the Mission Statement

D MacColl read the mission statement.

#### **D. Approve Agenda**

D. Williams made a motion to Doug Williams.

M. Schneider seconded the motion.

No Discussion

The board **VOTED** unanimously to approve the motion.

#### **Roll Call**

V. Jones Absent

A. Miller Aye

D. MacColl Aye

M. Schneider Aye

J. O'Day Aye

D. Williams Aye

#### **E. Approve Minutes**

J. O'Day made a motion to approve the 1/16/25 minutes.

M. Schneider seconded the motion.

The board **VOTED** unanimously to approve the motion.

#### **F. Approve Minutes 1/22/25**

J. O'Day made a motion to approve the minutes from Board Meeting on 01-22-25.

D. MacColl seconded the motion.

The board **VOTED** unanimously to approve the motion.

### **II. Principal's Report**

#### **A. Principal's Report**

MC Sauer presented the principal's report.

### **III. Ready to Open**

#### **A. Instructional Policies**

J. O'Day made a motion to Approve the following Instructional Policies: School Day, Report Cards, Student Retention, Student Promotion, Grading.

D. Williams seconded the motion.

J O'Day pointed out a mistake in the grading that MC Sauer will fix.

The board **VOTED** unanimously to approve the motion.

#### **B. Participation in State Retirement Plan**

J. O'Day made a motion to not participate in the state retirement system.

A. Miller seconded the motion.

The board **VOTED** unanimously to approve the motion.

**C. Participation in State Health Plan**

D. Williams made a motion to Not to participate in state health plan.

J. O'Day seconded the motion.

The board **VOTED** unanimously to approve the motion.

**D. Approval of Audit Firm**

D. Williams made a motion to approve Darrell Keller, CPA as the Liberty auditor.

D. MacColl seconded the motion.

The board **VOTED** unanimously to approve the motion.

**E. Evaluation Tools**

D. MacColl made a motion to approve the Principal and Board Evaluation Tools.

J. O'Day seconded the motion.

The board **VOTED** unanimously to approve the motion.

**F. Student and Parent Handbook**

D. Williams made a motion to approve the Student and Parent Handbook.

D. MacColl seconded the motion.

The board discussed various sections of the handbook including the uniform and electronic device sections. D MacColl pointed out a mistake that MC Sauer will fix. D MacColl suggested that the school look into adopting the NCHSAA concussion protocol.

MC Sauer said that they would explore that. He also suggested developing a Parent Code of Conduct. MC Sauer will bring back a draft later in the spring.

The board **VOTED** unanimously to approve the motion.

**G. Records Retention Policy**

J. O'Day made a motion to approve the Records Retention Policy.

D. Williams seconded the motion.

The board **VOTED** unanimously to approve the motion.

**H. Student Records Policy**

J. O'Day made a motion to approve the Records Policy.

D. Williams seconded the motion.

The board **VOTED** unanimously to approve the motion.

**I. Test Security Policy**

J. O'Day made a motion to approve the Test Security Policy.

D. MacColl seconded the motion.

The board **VOTED** unanimously to approve the motion.

**J.**

### **Lunch Services Policy**

J. O'Day made a motion to approve the Lunch Services Policy.

D. Williams seconded the motion.

The board **VOTED** unanimously to approve the motion.

### **K. Employment Contract**

J. O'Day made a motion to approve the Employment Contract with revision.

D. Williams seconded the motion.

D Williams thought the requirement to get approval for volunteering seemed too broad. J O'Day said that he understood the provision and liked that the school can determine what is appropriate. It was agreed that it would be revised to read "substantial volunteer position."

The board **VOTED** unanimously to approve the motion.

## **IV. Finance**

### **A. Financial Reports**

MC Sauer presented the January financial report.

### **B. Discussion and Approval of 2025-2026 and 3 Year Budgets**

J. O'Day made a motion to approve the Year 1 budgets for all three ADM contingencies.

D. MacColl seconded the motion.

The board discussed the three Year 1 budgets. MC Sauer explained that each budget was for a different ADM depending on the enrolled students at the time. She explained that this will help prevent over hiring and over spending before the actual enrollments materialize. She said that she would start with the lower 464 budget to be conservative. The board **VOTED** unanimously to approve the motion.

J. O'Day made a motion to approve the Year 2 - Year 5 budgets.

D. Williams seconded the motion.

The board discussed the budgets. MC Sauer explained that Year 4 and Year 5 budgets looked the same because the ADM will be the same so the revenue is budgeted the same. In actuality something will probably change to allow raises from Year 4 to Year 5. The board **VOTED** unanimously to approve the motion.

### **C. Break-even Budget**

M. Schneider made a motion to approve the Break-even budget with the discussed revisions.

J. O'Day seconded the motion.

MC Sauer explained that the Break-even number is so low because the payments on the bond do not start until March of the first year.

The board **VOTED** unanimously to approve the motion.

### **D.**

### **Move Accounts to First Bank**

J. O'Day made a motion to move the school's bank accounts to First Bank.

D. Williams seconded the motion.

MC Sauer explained that a requirement of the bond is a Deposit Account Control Agreement (DACA) and that the school's current bank does not have those. The school will need to change banks to proceed with the bond funding.

The board **VOTED** unanimously to approve the motion.

### **E. Amendment to the Management Agreement**

MC Sauer explained that the board's attorney suggested some changes to some wording in the Management Agreement with ATA for the bond. ATA does not object but the amendment has not been completed yet, so MC Sauer will bring it to the next meeting.

## **V. 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 7:55 PM.

Respectfully Submitted,  
D. English

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### **Documents used during the meeting**

*None*

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*Liberty Charter Academy will develop responsible and active citizens through a foundation of a challenging, classical academic program, character education, student responsibility, and strong parental partnerships.*



# Coversheet

## Principal's Report

<b>Section:</b>	II. Principal's Report
<b>Item:</b>	A. Principal's Report
<b>Purpose:</b>	FYI
<b>Submitted by:</b>	
<b>Related Material:</b>	Principal's Report 3.13.25.pdf

**PRINCIPAL'S REPORT**

March 13, 2025

**Facilities**

Permanent Building	<ul style="list-style-type: none"> <li>• We had the public hearing and are still getting ready for closing</li> <li>• A traffic impact analysis will be required and that has delayed the closing</li> <li>• ACD is working on a possible bridge loan to allow an earlier closing and renovations to begin sooner; there will likely be significant costs associate with this option</li> <li>• The timing of permits will require us to only pursue K-8 at the Westchester Dr. location for this year</li> </ul>
Office	<ul style="list-style-type: none"> <li>• We are working on a way to set up a temporary office before closing</li> </ul>

**RTO**

Trainings	<ul style="list-style-type: none"> <li>• June 10-11, John and I will attend in person</li> </ul>
Contingency Plans	<ul style="list-style-type: none"> <li>• We are pursuing several facility contingency plans including a delayed start and alternate location</li> </ul>
Reports	<ul style="list-style-type: none"> <li>• RTO II was submitted on time</li> <li>• One item (a lease) has been returned, will submit ACD lease</li> <li>• Have begun working on RTO III</li> <li>•</li> </ul>
Amendments	<ul style="list-style-type: none"> <li>• It is recommended that we ask to count days or hours this first year</li> <li>• May need to amend our grade levels</li> </ul>

**Marketing**

Social Media	<ul style="list-style-type: none"> <li>• We are continuing the social media strategy, Doug Williams helped with some social media strategy</li> </ul>
Community Outreach	<ul style="list-style-type: none"> <li>• We are distributing information to local businesses and locations</li> <li>• We are reaching out to community leaders and pastors to connect with various groups</li> </ul>
Information Meetings	<ul style="list-style-type: none"> <li>• Will be held monthly from March through June</li> </ul>
Virtual Town Hall	<ul style="list-style-type: none"> <li>• Our first Virtual Town Hall was well attended. Parents asked great questions and we will have some more</li> </ul>
Swag	<ul style="list-style-type: none"> <li>• Car magnets are available for all enrolled students</li> <li>• T-shirts will be ordered and will be available for sale</li> </ul>

**Community**

Parents	<ul style="list-style-type: none"> <li>• PTO will be started in April</li> </ul>
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**Enrollment**

RTO Goal	75% of projected ADM by June 1 Currently: 38%
Break Even	267

2025-2026											
Grade	K	1	2	3	4	5	6	7	8	9	Total
Applications	71	30	20	18	21	24	30	15	10	9	247
Spaces	65	25	28	28	28	28	28	28	28	28	314
Open Spots	0	0	8	10	7	4	0	13	18	19	79
Wait List	6	5	0	0	0	0	2	0	0	0	13

Employment	
Staff	<ul style="list-style-type: none"> <li>We will have a personnel report during closed session</li> </ul>

## Coversheet

### Discussion and approval of Beginning Teacher Support Plan

<b>Section:</b>	III. Ready To Open
<b>Item:</b>	A. Discussion and approval of Beginning Teacher Support Plan
<b>Purpose:</b>	Vote
<b>Submitted by:</b>	
<b>Related Material:</b>	Beginning Teacher Support Plan, 25-26.pdf

## **Liberty Charter Academy Beginning Teacher Support Program Plan**

**Adopted: 3//13/25**

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### **Liberty Charter Academy Beginning Teacher Support Program Plan State Board of Education Policy: TCED-016**

#### **Introduction:**

In accordance with NC State BOE Policy TCED-016, the Liberty Charter Academy Beginning Teacher (BT) Support Program provides for: new teacher orientation accompanied by a three-year induction period; BT assignment within the area of licensure supported by a trained mentor; an annual differentiated BT Professional Development Plan; attention to the North Carolina Teacher Working Conditions Survey; training in the NC Professional Teaching Standards and the NC Educator Evaluation System; and annual systematic evaluation of the BT Support Program.

#### **Beginning Teacher Support Program Standards**

- **Standard 1: Systematic Support for High Quality Induction Programs** - This Standard is designed to promote the commitment of all stakeholders in seeing mentoring and induction programs succeed. Key program elements include the creation of an institutional plan, demonstrating institutional commitment, and support and principal engagement.
- **Standard 2: Mentor Selection, Development, and Support** - This standard articulates the process and criteria for mentor selection, discusses mentor roles and responsibilities, and delineates foundational mentor training. Key program elements include mentor selection, defining the role of mentors, and mentor professional development.
- **Standard 3: Mentoring for Instructional Excellence** - Mentors are given protected time to provide beginning teachers with support to achieve success in the areas set forth by the North Carolina Professional Teaching Standards. Key program elements include providing time for mentors and beginning teachers, ensuring mentoring is focused on instruction, and addressing issues of diversity.
- **Standard 4: Beginning Teacher Professional Development**: Professional development is provided to beginning teachers that orients them to their new career and supports their efforts to meet the North Carolina Professional Teaching Standards. Key program elements include structured orientation to the school site as well as professional development designed to meet the unique needs of beginning teachers that is aligned

with the North Carolina Professional Teaching Standards, and the North Carolina Teacher Evaluation System.

- Standard 5: Formative Assessment of Candidates and Programs - New teachers and mentoring programs are monitored and supported using a formative assessment system to guide their work. Key program elements include formative assessment systems and program evaluation.

Describe adequate provisions for efficient management of the program.

The Instructional Coach, under the supervision of the School Principal, will oversee the efficient management of the program for beginning teachers. The School Principal is involved so that the beginning teachers will be supported through the licensure process as well as in developing their teaching skills related to curriculum, instruction and assessment.

Designate, at the local level, an official to verify eligibility of beginning teachers for a continuing license.

The School Principal will serve as the official who will verify eligibility of beginning teachers for a continuing license. This is because the School Principal, along with the Assistant Principal and Instructional Coach, supervises and evaluates beginning teachers who teach at Liberty Charter Academy. The School Principal will verify mentor support and completion of professional development requirements. The School Principal will use the following process for identifying and verifying all BTs:

1. Teachers with fewer than three years of experience.
2. Student services personnel, administrators, and curriculum-instructional specialists are not required to participate.
3. Once a continuing license is earned in one area, additional teaching areas do not require a BTSP experience.
4. Assignment in the area of licensure.
5. Follow NCSBE requirements for all required licensure tests.
6. Licensure Conversion Process: Eligible to convert to a continuing license once all required coursework has been successfully completed, all NCSBE approved exams have been passed, and three years teaching has been completed.

Provide for a formal orientation for beginning teachers which includes a description of available services, training opportunities, the teacher evaluation process, and the process for achieving a continuing license.

The formal induction for beginning teachers will be held each August which includes the above-mentioned learning. Within the first two weeks of a teacher's first day of work every school year, the teacher will receive a rubric for evaluating NC teachers, the evaluation policy, and the schedule for completing all components of the evaluation process. A follow-up date will be scheduled in September for teachers who were hired after the August induction. Beginning teachers hired throughout the year will complete an online course to support induction requirements. Orientation will occur within two weeks of the teacher's first day of work. Orientation will include the following:

- School/System's goals, policies, and procedures
- A description of the available services and training opportunities
- A copy of the BTSP and the process for achieving a continuing license
- NC teacher Evaluation Process
- NC Standard Course of Study
- Local Curriculum guides
- The safe and appropriate use of seclusion and restraint of students
- The State Board of Education's Mission and Goals
- Documentation that each BT attended orientation
- Required working conditions guidelines

Address compliance with the optimum working conditions for beginning teachers identified by the SBE.

We believe all beginning teachers at Liberty Charter Academy will have the opportunity to develop into outstanding teachers. With this in mind, the following working conditions will be implemented in every situation possible.

- Assignment in the area of licensure;
- Mentor assigned early, in the licensure area, and in close proximity;
- Orientation that includes state, district, and school expectations;
- Limited preparations;
- Limited non-instructional duties;
- Limited number of exceptional or difficult students; and
- No extracurricular assignments unless requested in writing by the beginning teacher.

Address compliance with the mentor selection, assignment, and training guidelines identified by the SBE.

Liberty Charter Academy will continuously improve practices associated with Standard 2: Mentor Selection, Development and Support of the NC Standards for Beginning Teacher Support

Programs. The areas for focus include:

#### 2a: Mentor Selection

- Selection criteria include input from a variety of stakeholder groups.
- Mentor selection criteria are clearly articulated by program leadership.
- Process for mentor application and selection is transparent and uniformly applied.

#### 2b: Mentor Role

- Mentors support beginning teacher orientation and provide logistical and emotional support.
- Mentors focus their primary support on improving instruction and learning.
- Mentors provide ongoing support and encouragement for the beginning teacher.

#### 2c: Mentor Professional Development

- Mentors receive initial training regarding their role as mentors and their responsibilities in the induction program.
- Mentors receive ongoing training to advance their knowledge and skills.
- Mentors have opportunities to participate in professional learning communities of mentoring practice.

Prospective mentors must receive the recommendation of the School Principal and complete the NC online module entitled 21st Century Mentoring, which provides mentors with 21st century skills, knowledge, and dispositions needed to support beginning teachers. The Instructional Coach will serve as the Lead mentor and will serve as a liaison to facilitate professional development for mentors and beginning teachers at the school level.

Each year, the BT is assigned a mentor meeting the following requirements:

- Rated at least “proficient” level on NCEES (Ratings of proficient or higher on all five standards on the most recent summative evaluation, or on Standards 1 and 4 on an abbreviated evaluation). Mentor teachers must have evaluation data for two or more consecutive years, unless mentor is a retired teacher.
- Retired teachers are eligible to serve as mentors.
- The principal shall determine which mentor teacher best meets the needs of each new teacher and shall assign the most appropriate mentor teacher to the new teacher, with priority consideration for mentors rated as “distinguished” or “accomplished.”
- If a principal determines that a teacher rated as “proficient” or a retired teacher is the most appropriate mentor for a new teacher, the principal shall maintain records of the reasons for that determination.



- Schools may use the most recently available evaluation-for teachers who lack an evaluation from the prior year.
- Any teacher who is assigned to be a mentor to a BT must meet eligibility requirements in the year of the assignment. No mentor whose evaluation falls below the “proficient” level, or equivalent, may continue to serve as a mentor to a BT, regardless of existing mentor-mentee relationships.
- A teacher may be a mentor at a different school building from which the mentor is assigned if the principals of each school and the mentor teacher approve the assignment, the mentor is rated at least “accomplished” (received rating of accomplished or higher on three of five standards including Standard 4 on an abbreviated evaluation), and the BT’s principal maintains a record of the reasons for selecting the mentor from a different school building. All personnel files will be kept in a locked filing cabinet with limited access.

Provide for the involvement of the principal or the principal’s designee in supporting the beginning teachers.

A specific date will be designated for the School Principal or designee to provide an onsite school-based orientation. This introductory session will lay the groundwork for future continued, ongoing support for the beginning teacher. Assigned mentors will also provide support along with the School Principal, Assistant Principal, and Instructional Coach. Mentors will provide support each month to ensure the success of the beginning teacher. The Instructional Coach will provide monthly differentiated Professional Development for beginning teachers. BTs will complete any professional development required or prescribed by the school.

When a BT’s rating indicates that more intensive support is needed, the School Principal will implement a Monitored Growth Plan to address performance concerns.

A Monitored Growth Plan shall, at a minimum, identify the standards and elements to be improved, the goals to be accomplished, the activities the teacher should undertake to achieve proficiency, and a timeline. BT’s who do not make adequate progress in the timeline provided on a Monitored Growth Plan will be moved to a Directed Growth Plan.

A Directed Growth Plan shall, at a minimum, identify the standards and elements to be improved, the goals to be accomplished and the activities the teacher should undertake to achieve proficiency, and a timeline.

Provide for a minimum of 4 observations per year in accordance with GS115C-333, using the instruments adopted by the SBE for such purposes. The plan must address the appropriate

spacing of observations throughout the year, and specify a date by which the annual summative evaluation is to be completed.

A detailed timeline for all observations will be planned and implemented by the School Principal. The School Principal will carefully monitor the timeliness of each observation, the accuracy for the completion of each document for all beginning teachers as well as monitoring for evidence of support for beginning teachers. The School Principal will ensure all processes and procedures are consistently and correctly followed for each observation for all beginning teachers. A beginning teacher's first observation will include a pre-conference.

For BT1 and BT2 teachers, at least two observations will be conducted in the first semester of the school year, and if practicable, at least one of those observations will be within the first grading period.

For BT1s and BT2s, at least one of the three annual administrative observations will be conducted by the principal.

In compliance with the Excellent Schools Act and subsequently GS 115C-333, each beginning teacher will be observed at least three times annually by the School Principal or a designee and at least once annually by a teacher, and will be evaluated at least once annually by the School Principal or designee. Mentors may be assigned to complete peer observations within their school as a part of the evaluation process, but they will not be assigned to evaluate the beginning teachers, which they mentor. Each observation will last for at least one continuous period of instructional time and will be followed by a post-conference within 10 days. All persons who observe and evaluate teachers will be appropriately trained. The required observations will be appropriately spaced throughout the school year. The Beginning Teacher Support Program Plan specifies the role of the beginning teacher's assigned mentor in the observations.

Provide for the preparation of a Professional Development Plan (PDP) by each beginning teacher in collaboration with the principal or the principal's designee, and the mentor teacher.

Each beginning teacher is required to develop a Professional Development Plan in collaboration with the School Principal (or the principal's designee) and mentor teacher. The plan is to be based on the North Carolina Professional Teaching Standards, and must include goals, strategies, and assessment of the beginning teacher's progress in improving professional skills. In developing the plan, the beginning teacher, School Principal (or designee), and mentor teacher will begin with an assessment of the beginning teacher's knowledge, dispositions, and performances. Throughout the year, formative assessment conferences will be held at the beginning, middle and end of each year, including BT, mentor and principal (or designee) to reflect on progress of BT in meeting goals. Signatures of BT, mentor, and principal (or designee) are required for each formative assessment conference. The plan should be updated on an annual basis, each year of the Beginning Teacher Support Program. Professional Development

Plans will be audited as part of the Title II monitoring process. The School Principal will ensure that this process is followed correctly and monitored three times per year; at the beginning of the year, mid-year and at the end of the year after formative assessment conferences are held.

Provide for a formal means of identifying and delivering services and technical assistance needed by beginning teachers.

The School Principal or designee will provide a minimum of 4 observations per year in accordance with GS115C-333, using the North Carolina Educator Evaluation System. Other informal observations will be completed consistently and frequently in order to monitor the progress of the beginning teacher in areas noted on the professional development plan, classroom management, and student progress. If, at any point in time, the School Principal notes a need for assistance to a beginning teacher, such assistance will be provided immediately. This assistance may be provided by the mentor or through professional development by one or more teachers as deemed necessary by the School Principal. Support will continue to be provided until the beginning teacher becomes successful in such areas as noted needing improvement or until the School Principal feels the support is no longer necessary.

Provide for the maintenance of a cumulative beginning teacher file that contains the PDP and evaluation report(s).

The School Principal will ensure the maintenance of a cumulative beginning teacher file that contains all the necessary documentation for beginning teachers. BT files will be secured in a locked file cabinet and access will be limited to the School Principal and Instructional Coach.

Provide for the timely transfer of the cumulative beginning teacher file to successive employing LEAs, charter schools, or non-public institutions within the state upon the authorization of the beginning teacher.

The School Principal will provide for the timely transfer of all documents as authorized by the beginning teacher.

Describe a plan for the systematic evaluation of the Beginning Teacher Support Program to assure program quality, effectiveness, and efficient management.

An internal teacher survey will be used to systematically evaluate the effectiveness, efficient management, and the program quality of the Beginning Teacher Support Program. The internal survey will be administered to beginning teachers and mentors after the first semester of each year. Feedback will also be gathered from the Principal, Assistant Principal, Instructional Coach, and assigned mentors. Liberty Charter Academy will participate and plan to demonstrate a minimum of proficiency in BTSP Monitoring for compliance with State Board Policy. Liberty Charter Academy will also participate in the annual BTSP peer review.

Liberty Charter Academy will require completion of the recent graduate survey by the Beginning Teacher (BT) and the employer survey by the principal of the school during the BT's first year of teaching as part of the requirements to measure the performance of Educator Preparation Programs (EPPs) stated in GS 115C-269.35. The surveys will be completed at the end of the first year of teaching.

Document that the local board of education has adopted the LEA plan, or that the charter school or non-public institution plan has been approved by the SBE.

Documentation of the adoption of the plan by the Liberty Charter Academy board will be noted in meeting minutes and by the signature of said plan.

## Conclusion

Liberty Charter Academy is fully committed to ensuring and supporting Beginning Teachers in their success as professionals, as teacher leaders, and in their individual growth. Mentors will work collegially with each beginning teacher so that a professional colleague will be available to provide an individualized continuum of support and encouragement. Liberty Charter Academy is committed to developing each student into an academically thriving citizen.

Submitted Date: \_\_\_\_\_

Approved Date: \_\_\_\_\_

BTSP Coordinator: \_\_\_\_\_

Date: \_\_\_\_\_

Charter School Designee: \_\_\_\_\_

Date: \_\_\_\_\_

Board of Directors' Designee: \_\_\_\_\_

Date: \_\_\_\_\_

# Coversheet

## Financial Reports - Budget Revisions

<b>Section:</b>	IV. Finance
<b>Item:</b>	A. Financial Reports - Budget Revisions
<b>Purpose:</b>	Vote
<b>Submitted by:</b>	
<b>Related Material:</b>	Budget Liberty Start-up 3.6.25.xlsx

## Notice

The following file is attached to this PDF. You will need to open this packet in an application that supports attachments to pdf files, e.g. [Adobe Reader](#):

Budget Liberty Start-up 3.6.25.xlsx

# Coversheet

## Bond Documents

**Section:** IV. Finance  
**Item:** B. Bond Documents  
**Purpose:** Discuss

**Submitted by:**

**Related Material:**

Liberty Charter Academy - Deed of Trust(200612826.3).docx

Liberty Charter Academy - DACA(200579707.3).docx

Liberty Charter Academy - Amendment to Management Agreement(201087481.2).docx

Liberty Charter Academy - School Approval Resolution(201647820.2).docx

Liberty Charter Academy - Loan Agreement(200432796.3).docx



**DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT  
AND FIXTURE FILING**

**Dated as of March 1, 2025 from**

**LIBERTY CHARTER ACADEMY, Grantor,**

**to**

**[deed of trust trustee], Trustee**

**for the benefit of**

**UMB BANK, N.A,  
as Trustee, Beneficiary**

**COLLATERAL IS OR INCLUDES FIXTURES**

After filing, please return to:  
Lisa Medina Williams, Esq.  
McGuireWoods, LLP  
201 N. Tryon St., Suite 3000  
Charlotte, North Carolina 28202

This document was prepared by:  
Lisa Medina Williams, Esq.  
McGuireWoods, LLP  
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Charlotte, North Carolina 28202

**STATE OF NORTH CAROLINA  
GUILFORD COUNTY**

**DEED OF TRUST, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT  
AND FIXTURE FILING**

**(COLLATERAL IS OR INCLUDES FIXTURES)**

**THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING** (this "Deed of Trust"), dated as of March 1, 2025, is made and entered into by **LIBERTY CHARTER ACADEMY**, a nonprofit corporation organized and existing under and by virtue of the laws of North Carolina and having its principal place of business in High Point, North Carolina (the "Corporation"), to [name of deed of trust trustee], of \_\_\_\_\_, North Carolina (the "Deed of Trust Trustee"), for the benefit of **UMB BANK, N.A.**, a national banking association duly organized and existing under the laws of the United States of America, as trustee under the Indenture, as hereinafter defined (the "Beneficiary").

**SECTION I**

**RECITALS AND CONVEYANCE**

1.1 The Corporation owns and operates educational facilities and facilities ancillary thereto (the "Existing Facilities") located on certain real property owned by the Corporation and described in Exhibit A attached hereto (the "Site").

1.2 The Corporation is borrowing the principal amount of up to \$\_\_\_\_\_,000 (the "Loan") from the Public Finance Authority (the "Authority") pursuant to the terms of a Loan and Security Agreement, dated as of March 1, 2025 (as amended from time to time in accordance with its terms, the "Loan Agreement"), between the Authority and the Corporation.

1.3 The Authority is obtaining funds for the Loan through the issuance and sale of up to \$\_\_\_\_\_,000 aggregate principal amount of Public Finance Authority Educational Facilities Revenue Bonds (Liberty Charter Academy Project) Series 2025A (the "2025A Bonds") and up to \$\_\_\_\_\_,000 aggregate principal amount of Public Finance Authority Taxable Educational Facilities Revenue Bonds (Liberty Charter Academy Project) Series 2025B (the "2025B Bonds" and together with the 2025A Bonds, the "2025Bonds"), being issued pursuant to an Indenture of Trust, dated as of March 1, 2025 (as amended or supplemented from time to time in accordance with its terms, the "Indenture"), between the Authority and the Beneficiary.

1.4 The Corporation will use the proceeds of the Loan to (a) finance the cost of the acquisition, construction and equipping of educational facilities to be owned and operated by the Corporation or an affiliate thereof, (b) fund certain capitalized interest on the 2025 Bonds, and (c) pay certain costs of issuance of the 2025 Bonds.

1.5 The Indenture provides that the Corporation may issue Additional Bonds (as defined in the Indenture) which will be equally and ratably secured with the 2025 Bonds (together with any Additional Bonds, the "Bonds") and any additional Indebtedness (as defined in the Loan Agreement) by the Indenture.

1.6 To secure (a) the prompt payment of the principal of, redemption premium, if any, and the interest on all Bonds and any additional Indebtedness required to be made under the Indenture and (b) the performance by the Corporation of its other obligations under the Loan Agreement and this Deed of Trust, the Corporation has granted to the Beneficiary a security interest in its Pledged Revenues (as defined in the

Loan Agreement), subject to Permitted Encumbrances (as defined in the Loan Agreement), and is executing and delivering this Deed of Trust on the Mortgaged Property as more fully described herein.

1.7 This Deed of Trust is executed to secure all present and future Bonds. The making of future advances, which advances shall be evidenced by Additional Bonds, is subject to the terms and conditions of the Indenture and applicable law, including, but not limited to, N.C.G.S. § 45-68. The total amount, including present and future Bonds, that may be secured by this Deed of Trust at any one time is One Hundred Million Dollars (\$100,000,000). The period within which Additional Bonds may be issued shall not extend more than thirty (30) years from March 12, 2025.

1.8 Capitalized terms used herein that are not defined herein shall have the meanings given such terms in the Indenture or the Loan Agreement.

**NOW, THEREFORE**, in consideration of the premises and the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, the Corporation has given, granted, bargained, sold and conveyed, and by these presents does give, grant, bargain, sell and convey to the Deed of Trust Trustee, its heirs, successors and assigns, for the benefit and security of the Beneficiary, in trust, with power of sale, the following real property, buildings, improvements and fixtures (herein collectively referred to as the "Mortgaged Property"):

(a) the Facility (which consists of the tract of land described in Exhibit A hereto and made a part hereof), together with all buildings and improvements now or hereafter located in, on or about the Facility (such buildings and improvements being herein collectively referred to as the "Improvements");

(b) all real property, buildings and improvements located in Guilford County, North Carolina hereafter acquired or constructed by the Corporation (i) as an addition to or in replacement of or substitution for the Facility (real property, buildings and improvements being deemed to be an addition to the Facility if they comprise facilities that are functionally related to, and operated on an integrated basis with, the Facility), or (ii) for which Bonds are issued pursuant to the Indenture to acquire or finance such real property, buildings or improvements (herein collectively referred to as the "After-Acquired Property");

(c) all fixtures now or hereafter acquired and owned by the Corporation and attached to the Facility or After-Acquired Property, including but not limited to all equipment, furniture, furnishings, apparatus, machinery, motors, elevators, fittings, refrigerators, awnings, shades, screens, blinds, carpeting, office equipment, medical devices, and all other furnishings and all plumbing, heating, lighting, electrical, laundry, ventilating, refrigerating, incinerating, air-conditioning, fire and theft protection and sprinkler equipment, including all renewals and replacements thereof and all additions thereto, and all articles in substitution thereof, and all proceeds of all the foregoing in whatever form (herein collectively referred to as the "Fixtures");

(d) all leases, rents, issues, profits, royalties, income and other benefits (the "Rents") derived from the Facility, the Improvements and the After-Acquired Property, subject to the right, power and authority hereinafter given to the Corporation to collect and apply such Rents, and the proceeds from any insurance or any condemnation award relating to the Facility, the Improvements or the After-Acquired Property;

(e) all easements, rights-of-way and rights used in connection with the Facility, the Improvements or the After-Acquired Property or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto; and

(f) all proceeds, products, replacements, additions, substitutions, renewals and accessions of or to any of the foregoing.

**SUBJECT, HOWEVER,** to encumbrances and matters of title as set forth in the loan policy of title insurance covering the Facility issued to the Beneficiary by Commonwealth Land Title Insurance Company (the "Title Policy") and to Permitted Encumbrances (as defined in the Loan Agreement) which may be created from time to time by the Corporation as permitted by the Loan Agreement.

**TO HAVE AND TO HOLD** the Mortgaged Property to the Deed of Trust Trustee, its successors or assigns, in fee simple forever upon the trust and for the uses and purposes hereinafter set forth, subject to such exceptions and limitations to title as set forth in the Title Policy and as qualify as Permitted Encumbrances.

**THIS CONVEYANCE IS MADE UPON THIS SPECIAL TRUST,** that if the Corporation shall pay the indebtedness evidenced by all Bonds issued pursuant to the Indenture and secured hereby, if any, to the persons entitled thereto in accordance with their terms, together with interest and redemption premiums, if any, thereon, at the times and places thereto specified for the payment of the same, and shall comply with all the covenants, terms and conditions of this Deed of Trust, the Indenture and any other document or instrument pursuant to which any Bonds are issued or secured, then this conveyance shall be null and void and shall be cancelled or released of record at the request and at the cost of the Corporation.

**BUT IF DEFAULT** should occur in the payment of any Bonds secured hereby, or in the terms, conditions or covenants contained in this Deed of Trust, the Indenture or any other document or instrument pursuant to which any Bonds are issued or secured, the Bonds shall, at the option of the Beneficiary, become at once due and payable, regardless of the respective maturity dates thereof, and it shall be lawful for, and upon the request of the Beneficiary it shall become the duty of, the Deed of Trust Trustee to advertise and sell under this Deed of Trust the Mortgaged Property in the manner hereinafter set forth.

## **SECTION II**

### **CORPORATION'S GENERAL REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS**

**2.1 Title to Property.** The Corporation warrants that it has good and marketable title to the Mortgaged Property and is lawfully seized and possessed of the Mortgaged Property and every part thereof and has the right to convey the same; that the Mortgaged Property is unencumbered, except for such encumbrances and matters of title set forth in the Title Policy and any other Permitted Encumbrances; and that the Corporation will forever warrant and defend the title to the Mortgaged Property of the Deed of Trust Trustee against the claims of all persons whomsoever.

**2.2 Payment and Performance of Bonds, Indenture, Loan Agreement and Deed of Trust.** The Corporation shall pay when due the principal of, redemption premium, if any, and the interest on all Outstanding Bonds and all other sums required to be paid under this Deed of Trust, the Indenture, the Loan Agreement and any other document or instrument pursuant to which any Bonds are issued or secured. The Corporation shall observe and perform all the covenants, provisions, terms and conditions set forth in the Indenture, the Loan Agreement, any other document or instrument pursuant to which any Bonds are issued or secured and this Deed of Trust to be observed and performed by the Corporation. All of the covenants, terms, provisions, and conditions of the Indenture are incorporated by reference in this Deed of Trust and are made a part of the same as if fully set forth herein.

**2.3 Performance of Corporation's Obligations.** If at any time the Corporation should neglect, refuse or fail to perform any of its obligations set forth in this Deed of Trust and the Beneficiary performs or causes to be performed such obligations, all expenditures incurred by the Beneficiary shall be part of the indebtedness secured by this Deed of Trust. All such payments made by the Beneficiary shall constitute payments for the protection and preservation of Beneficiary's security.

**2.4 Further Instruments.** The Corporation agrees that it will, upon closing the acquisition of or prior to construction of After-Acquired Property, register in the office of the Register of Deeds of Guilford County, North Carolina, a notice of extension as specified in N.C.G.S. § 47-20.5 containing a description of the real property covered thereby and all other information required under N.C.G.S. § 47-20.5. Upon demand, the Corporation shall execute and deliver to the Deed of Trust Trustee and the Beneficiary any further instrument or instruments, including, but not limited to, deeds of trust, security agreements, financing statements, assignments, notices of extension, or renewal or substitution obligations necessary to reaffirm, correct or perfect the evidence of the obligations hereby secured and the legal security title and lien of the Deed of Trust Trustee and the Beneficiary to all or any part of the Mortgaged Property intended to be given or conveyed under the Indenture whether now given or conveyed or acquired and conveyed subsequent to the date of this Deed of Trust.

**2.5 Assignment of Rents.** In order to further secure (a) the prompt payment of the principal of, redemption premium, if any, and the interest on all Outstanding Bonds required to be made under the Indenture, the Loan Agreement, this Deed of Trust, or any other document or instrument pursuant to which any Bonds are issued or secured, and (b) the performance by the Corporation of all the covenants, provisions, terms and conditions set forth in the Indenture and the Loan Agreement, any other document or instrument pursuant to which any Bonds are issued or secured, and this Deed of Trust to be observed and performed by the Corporation, the Corporation hereby sells, assigns, transfers and sets over to the Beneficiary all of the Rents of, from or pertaining to the Mortgaged Property. This assignment shall include any and all leases or rental agreements that may now be in effect, as well as any future or additional leases or rental agreements, and any renewals or extensions of any leases or rental agreements, that may be entered into by the Corporation. The Corporation hereby agrees to execute and deliver such further assignments of said leases or rental agreements as the Beneficiary may from time to time request.

This assignment is absolute and effective immediately and without possession. Notwithstanding the foregoing, the Corporation shall have a license to receive, collect and enjoy the Rents accruing from the Mortgaged Property until an Event of Default (as defined below) shall have occurred and be continuing. Upon the occurrence of an Event of Default, the license shall cease automatically, without need of notice, possession, foreclosure or any other act or procedure, and all Rents assigned hereby shall thereafter be payable to the Beneficiary. The Corporation covenants that, if an Event of Default shall have occurred and be continuing, it will, upon request of the Beneficiary, deliver or direct to be delivered to the Beneficiary all Rents from the Mortgaged Property thereafter received.

**2.6 Security Interest in Fixtures.** This Deed of Trust is intended to be a security agreement for the Fixtures (in addition to and not in lieu of the Indenture) pursuant to the North Carolina Uniform Commercial Code. In order to further secure (a) the payment when due of the principal of, redemption premium, if any, and the interest on all Outstanding Bonds and all other sums required to be paid under this Deed of Trust, the Indenture, the Loan Agreement and any other document or instrument pursuant to which any Bonds are issued or secured, and (b) the performance by the Corporation of all the covenants, provisions, terms and conditions of the Indenture, the Loan Agreement, any other document or instrument pursuant to which any Bonds are issued or secured, and this Deed of Trust to be observed and performed by the Corporation, the Corporation hereby grants to the Beneficiary and the Deed of Trust Trustee a security interest in the Fixtures. The Corporation agrees that the Beneficiary may file this Deed of Trust, or a reproduction thereof, as a financing statement for the Fixtures, and the security interest in the Fixtures

granted in this paragraph 2.6 shall be in addition to, and not in lieu of, any lien upon and security title in the Fixtures acquired by real property law. The Corporation agrees to deliver and file, or cause to be filed, all financing statements in such form and in such offices as may be required to perfect the security interest hereunder. Upon the occurrence of an Event of Default, the Beneficiary or the Deed of Trust Trustee shall be entitled to exercise all rights and remedies of a secured party under the North Carolina Uniform Commercial Code and may proceed as to the Fixtures in the same manner as provided herein for the real property to the extent permitted by applicable law.

The name of the record owner of the real property and improvements is the Corporation, as grantor, identified on the first page of this Deed of Trust. The name and address of the Corporation, as debtor, is set forth in Section 8.2 of this Deed of Trust. The name and address of Beneficiary, as secured party, and from whom information concerning the security interest created herein may be obtained, is set forth in Section 8.2 of this Deed of Trust. The provisions set forth in Section I of this Deed of Trust describe the types and items of the personal property affixed or to be affixed to the Mortgaged Property. The Fixtures are related to the real estate described in Exhibit A attached hereto and incorporated herein by reference. The Corporation is a nonprofit corporation organized under the laws of the State of North Carolina. The organizational identification number of the Corporation, as debtor, is 2234710. This Deed of Trust shall remain in effect as a fixture filing until this Deed of Trust is released or satisfied of record.

**2.7 Corporation and Lien Not Released.** The Corporation agrees that its obligations to the Beneficiary will not be diminished, and the responsibility and liability of the Corporation (or any successor thereto) to the Beneficiary for the complete performance of each of the Corporation's obligations hereunder or under any other documents submitted by the Corporation to the Beneficiary in connection with the Bonds secured hereby shall not be released, regardless of any (a) release by the Beneficiary of any of the Corporation's successors in title to all or any part of the Mortgaged Property from liability on any Outstanding Bonds or any other liability of the Corporation to the Beneficiary, (b) extension of time for payment of all or any part of the Bonds, (c) release by the Beneficiary of any portion of the Mortgaged Property, (d) subordination of lien, (e) forbearance on the part of the Beneficiary to collect on any Outstanding Bonds or other liability of the Corporation to the Beneficiary or any part thereof, (f) waiver of any right granted or remedy available to the Beneficiary or (g) action or omission by the Beneficiary.

**2.8 Payment of Costs, Attorneys' Fees and Expenses.** To the extent permitted by law, the Corporation shall pay any and all costs, attorneys' fees and other expenses of whatever kind incurred by the Beneficiary, the Bondholder Representative (as defined in the Indenture) and any other holder or beneficial owner of Bonds in connection with (a) obtaining possession of the Mortgaged Property, (b) the protection and preservation of the Mortgaged Property, (c) the collection of any sum or sums secured hereby, (d) any litigation involving the Mortgaged Property, this Deed of Trust, any benefit accruing by virtue of the provisions hereof, or the rights of the Beneficiary or any other holder of Bonds, (e) the presentation of any claim under any administrative law to be filed, (f) any additional examination of the title to the Mortgaged Property that may reasonably be required by the Beneficiary, or (g) taking any steps whatsoever in enforcing this Deed of Trust, claiming any benefit accruing by virtue of the provisions hereof, or exercising the rights of the Beneficiary hereunder. Nothing contained in this paragraph 2.8 shall be construed to limit the Corporation's obligation to pay costs, attorneys' fees, and expenses as provided in the Loan Agreement.

Anything contained herein to the contrary notwithstanding, the obligation of the Corporation to pay attorneys' fees shall mean fees reasonable in light of the circumstances, taking into account the amount of time expended, the services provided and other appropriate criteria (and disregarding any statutory presumption regarding attorneys' fees).



## SECTION III

### ENVIRONMENTAL REPRESENTATIONS, WARRANTIES AND COVENANTS

3.1 The Corporation represents and warrants to the Beneficiary, the Bondholder Representative and the Deed of Trust Trustee that the Corporation has not at any time, and, to the Corporation's knowledge, after such inquiry by the Corporation as is reasonably prudent based upon the environmental-related information available to it at the time of the execution of this Deed of Trust, no other party has at any time, used, handled, buried, stored, treated, refined, transported, processed, manufactured, generated, produced, spilled, released, allowed to seep, leak, escape or leach, or pumped, poured, emitted, emptied, discharged, injected, dumped, transferred or otherwise disposed of or dealt with Hazardous Materials (as hereinafter defined) on, to or from the Mortgaged Property, and the Corporation does not intend to use the Mortgaged Property for the purpose of using, handling, burying, storing, treating, refining, transporting, processing, manufacturing, generating, producing, spilling, releasing, seeping, leaking, escaping, leaching, pumping, pouring, emitting, emptying, discharging, injecting, dumping, transferring or otherwise disposing of or dealing with Hazardous Materials, except for use of ordinary cleaning fluids, household pesticides and other substances customarily used and medical wastes customarily generated in the operation of a continuing care retirement community provided such use does not violate any legal requirement or give rise to liability under applicable laws or establish a basis for a lien against the Mortgaged Property.

3.2 The Corporation represents and warrants to the Beneficiary and the Deed of Trust Trustee that the Corporation has no knowledge of any presence, seepage, leak, escape, leach, discharge, injection, release, emission, spill, pumping, pouring, emptying or dumping of Hazardous Materials in or into the Mortgaged Property, waters on or adjacent to the Mortgaged Property or any other real property owned and/or occupied by the Corporation, or onto lands from which such Hazardous Materials might seep, flow or drain into any such areas.

3.3 The Corporation shall not permit any Hazardous Materials to be used, handled, buried, stored, treated, refined, transported, processed, manufactured, generated, produced, spilled, released, allowed to seep, leak, escape or leach, or to be pumped, poured, emitted, emptied, discharged, injected, dumped, transferred or otherwise disposed of or dealt with on, to or from the Mortgaged Property or any portion thereof at any time, except for use of ordinary cleaning fluids, household pesticides and other substances customarily used and medical wastes customarily generated in the operation of a continuing care retirement community, provided such use does not give rise to liability under or violate applicable laws or establish a basis for a lien against the Mortgaged Property. The Corporation shall immediately remediate and fully address in accordance with applicable legal requirements any Hazardous Material found in or on the Mortgaged Property.

3.4 The Corporation represents and warrants to the Beneficiary and the Deed of Trust Trustee that the Corporation has received no actual notice of, and has no knowledge of, any claim, suit, or liability, or occurrence or circumstance which with notice or passage of time or both would violate or give rise to a claim or liability under or pursuant to any Environmental Law (as hereinafter defined). The Corporation agrees to notify Beneficiary immediately of any such occurrence and agrees to comply with all applicable Environmental Laws.

3.5 In the event that there shall be filed a lien against the Mortgaged Property pursuant to any Environmental Law, the Corporation shall, within ten (10) days from the date that the Corporation receives notice of such lien, either (a) pay the claim and remove the lien from the Mortgaged Property, or (b) furnish

(i) a bond reasonably satisfactory to the Beneficiary in the amount of the claim out of which the lien arises, (ii) a cash deposit in the amount of the claim out of which the lien arises or (iii) other security reasonably satisfactory to the Beneficiary in an amount sufficient to discharge the claim out of which the lien arises.

3.6 The Corporation represents and warrants to the Beneficiary, the Bondholder Representative and the Deed of Trust Trustee that it has never sent wastes or materials to a site, and that neither the Mortgaged Property nor any other land owned by the Corporation is a site, included or proposed for inclusion on the National Priorities List issued pursuant to CERCLA (as hereinafter defined) by the United States Environmental Protection Agency (the "EPA") or on any other inventory of other potential "problem" sites issued by the EPA or other Governmental Authority, as defined below, identified by the EPA as a potential CERCLA site or included or, to the best of the Corporation's knowledge, proposed for inclusion on, any list or inventory issued pursuant to any Environmental Law, or issued by any Governmental Authority. The Corporation covenants that it will comply with any applicable Environmental Law (as hereinafter defined) or any other federal, state or local environmental statute, regulation or common law.

3.7 The Corporation agrees to indemnify the Deed of Trust Trustee, the Beneficiary, the Bondholder Representative, and any holder or beneficial owner of Bonds, for, and to defend and hold them harmless against, any loss, liability, costs, damages, claims and expenses, including, but not limited to, reasonable attorneys' fees, resulting from, or arising out of or in connection with (a) any violation or breach of any representation, warranty or covenant contained in this Section III, (b) any failure on the part of the Corporation to perform any obligation to be performed by the Corporation with respect to the Mortgaged Property under this Section III, (c) any failure by the Corporation to comply fully with any Environmental Law, or (d) any presence, release, generation, treatment, storage, disposal or transport of any Hazardous Material on, into, from or about the Mortgaged Property.

3.8 For purposes of this Section III, "Hazardous Material" means any material that is or contains flammable, explosive, radioactive, hazardous, hazardous waste, toxic, corrosive, asbestos, petroleum, urea formaldehyde foam insulation, lead, dielectric fluid containing polychlorinated biphenyls, and any other substance or material defined or designated as a hazardous substance, hazardous material, hazardous waste, pollutant, contaminant or toxic substance by any federal, state or local law, ordinance, rule, regulation or other legal requirement for the protection of health, safety or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.) ("CERCLA"), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 9601, et seq.) and in the regulations adopted and publications promulgated pursuant to each of the foregoing (herein collectively referred to as the "Environmental Laws") or by any federal, state or local governmental authority having or claiming jurisdiction over the Mortgaged Property (a "Governmental Authority").

## SECTION IV

### EVENTS OF DEFAULT; FORECLOSURE

4.1 **Events of Default.** Each of the following events shall constitute an Event of Default under this Deed of Trust:

- (a) an Event of Default shall occur under the Indenture or the Loan Agreement, or
- (b) the Corporation shall duly fail to perform, observe or comply with any covenant or agreement on its part under this Deed of Trust for a period of thirty (30) days after the date on



which written notice of such failure, requiring the same to be remedied, shall have been given to the Corporation by the Beneficiary; provided, however, that if said failure be such that it cannot be corrected within thirty (30) days after the receipt of such notice, it shall not constitute an Event of Default if corrective action is instituted promptly and diligently pursued to cure such Event of Default within 90 days after the date on which written notice of such failure shall have been given.

**4.2 Power of Sale.** Upon the occurrence of an Event of Default, all Outstanding Bonds shall immediately become due and payable, after notice to the Corporation as provided in the Indenture, at the option of the Beneficiary, with the consent of or at the direction of the Bondholder Representative, and, on application of the Beneficiary, it shall be lawful for and the duty of the Deed of Trust Trustee to foreclose on and exercise the power of sale with respect to all or any part or parts of the Mortgaged Property at public auction to the highest bidder for cash after first having given such notice as to commencement of foreclosure proceedings and having obtained such findings and leave of court as may then be required by law and upon such sale and any resale to convey title to the purchaser in fee simple.

**4.3 Application of Proceeds.** The Deed of Trust Trustee, having retained a reasonable and customary fee based upon normal hourly rates, not to exceed one-half of one percent (0.5%) of the gross proceeds of such sale, as a commission for its services and having retained also all advertising and other expenses incurred by it, including a reasonable attorneys' fee for legal services actually performed, shall apply the residue first to the payment of any taxes or assessments that may be a lien against the Mortgaged Property superior to this Deed of Trust, unless the Deed of Trust Trustee advertised and sold the same subject to taxes or assessments; then to the sums secured by this Deed of Trust in accordance with the Indenture; then the balance, if any, to the Corporation.

**4.4 Foreclosure Sale.** At such sale, the Beneficiary may bid for and acquire all or any part or parts of the Mortgaged Property and in lieu of paying cash therefor may make settlement for the purchase price by crediting upon the sums due and payable under and secured by this Deed of Trust, the net sales price, which shall be the proceeds of sale after deducting therefrom the expenses, taxes and assessments referred to above. At any sale, the Deed of Trust Trustee may require the successful bidder immediately to deposit with the Deed of Trust Trustee cash or a certified check in an amount equal to five percent (5%) of the successful bid but in no case less than the first Seven Hundred Fifty Dollars (\$750.00), and notice of such requirement shall be included in the advertisement of the notice of such sale.

## SECTION V

### ADDITIONAL RIGHTS AND REMEDIES OF BENEFICIARY AND DEED OF TRUST TRUSTEE

**5.1** Upon the occurrence of an Event of Default, the Beneficiary and the Deed of Trust Trustee shall be entitled to exercise all the rights and remedies provided in the Indenture and this Deed of Trust, all of the rights and remedies of a secured party under the North Carolina Uniform Commercial Code and all other rights and remedies provided by law. No remedy of the Beneficiary under this Deed of Trust is intended to be exclusive of any other remedy now or hereafter existing at law or in equity, by statute, or under this Deed of Trust or the Indenture. No delay or omission of the Deed of Trust Trustee or the Beneficiary or the Bondholder Representative to exercise any right or power accruing upon any Event of Default shall impair such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein. Every power or remedy given by this Deed of Trust to the Deed of Trust Trustee, the Beneficiary or the Bondholder Representative may be exercised from time to time as often as may be deemed expedient by the Deed of Trust Trustee, the Beneficiary or the Bondholder Representative, as applicable. The Corporation hereby waives any and all rights to require marshalling of assets in connection with the exercise of any remedies provided herein or as permitted by law.

## SECTION VI

### RELEASE OF LAND

6.1 So long as any Bonds remain Outstanding or sufficient funds for their payment in full are not held in trust by the Beneficiary, a parcel of or interest in land constituting part of the Mortgaged Property (and the Improvements and Fixtures located thereon) shall be released from the lien and security of this Deed of Trust upon request of the Corporation to the Deed of Trust Trustee and with the prior written consent of the Bondholder Representative when and if, unless waived in writing by the Bondholder Representative, the following requirements have been fulfilled:

(a) The Corporation shall have delivered to the Deed of Trust Trustee, the Beneficiary and the Bondholder Representative a certified survey of the land to be released, a certified survey of the land to remain as the Mortgaged Property and a revised legal description of the land to remain as the Mortgaged Property;

(b) The Corporation shall have delivered to the Deed of Trust Trustee, the Beneficiary and the Bondholder Representative an architect's or engineer's certificate to the effect that the release of the land will not cause any damage to the structural soundness of the Mortgaged Property or impair ingress to or egress therefrom;

(c) The Corporation shall have delivered to the Deed of Trust Trustee, the Beneficiary and the Bondholder Representative evidence (which may include an Officer's Certificate from the Corporation) satisfactory to them that such release does not violate any applicable land use restrictions;

(d) The Corporation shall represent in writing to the Deed of Trust Trustee, the Beneficiary and the Bondholder Representative that it will make no use, and will permit no use by others, of the land to be released that would create a nuisance or diminish materially, in the opinion of a consultant knowledgeable in the operation of facilities similar to the Facility, the Borrower's ability to operate the Facilities, the attractiveness of the Facility to potential students and their parents; and

(e) The Corporation shall, with the prior written consent of the Bondholder Representative, either (i) acquire additional land or equipment having a fair market value equal to the fair market value of the land to be released and grant the Beneficiary a first priority Lien (as defined in the Loan Agreement), subject to Permitted Encumbrances (as defined in the Loan Agreement), thereon, or (ii) shall pay to the Beneficiary, for the redemption of the Bonds pro rata, the fair market value of the land to be released, which value in each case shall be evidenced by an appraisal prepared by an appraiser acceptable to the Bondholder Representative; provided, however, if the fair market value of the Mortgaged Property remaining after such release, as evidenced by an appraisal prepared as of a date not earlier than seventy-five (75) days prior to the date of such proposed release by an appraiser acceptable to the Beneficiary, is not less than one hundred twenty percent (120%) of the principal amount of all Bonds then Outstanding, the release of such land shall be permitted without restriction; provided, further, that if the cost of obtaining (x) a certified survey and a revised legal description of the land to remain as the Mortgaged Property as required by Section 6.1(a) and (y) an appraisal of the portion of the Mortgaged Property to be released as required by this Section 6.1(e) exceeds the amount the Corporation will receive from the sale or other disposition of the portion of the Mortgaged Property the Corporation has requested to be released from the lien of this Deed of Trust and if such release will not materially adversely affect the Corporation's ability to operate the Facility or the value of the remaining Mortgaged

Property, as certified by the Corporation to the Deed of Trust Trustee, the Beneficiary and the Bondholder Representative, then such portion of the Mortgaged Property may be released without the Corporation's delivery of the items referenced in clauses (x) and (y) above.

(f) The Corporation shall cause to be delivered to the Beneficiary and the Bondholder Representative an opinion of counsel stating that the conditions precedent to such release have been satisfied, which need not contain an opinion as to value if part of such conditions.

## SECTION VII

### THE DEED OF TRUST TRUSTEE

7.1 The Deed of Trust Trustee shall be under no duty to take any action hereunder except as expressly required, or to perform any act that would involve it in expense or liability or to institute or defend any suit in respect hereof, unless properly indemnified to its satisfaction. All reasonable expenses, charges, counsel fees and other disbursements incurred by the Deed of Trust Trustee in and about the administration and execution of the trusts hereby created and the performance of its duties and powers hereunder shall be paid by the Corporation on demand, shall be secured by this Deed of Trust, and shall bear interest at the rate of eight percent (8%) per annum. The Beneficiary shall have the irrevocable right to remove the Deed of Trust Trustee herein named at any time without notice or cause and to appoint its successor by an instrument in writing, by duly recording such written instrument in the Office of the Register of Deeds of Guilford County, North Carolina, and in the event of the death or resignation of the Deed of Trust Trustee herein named, the Beneficiary shall have the right to appoint its successor by recordation of such written instrument, and any trustee so appointed shall be vested with the title to the Mortgaged Property and shall possess all the powers, duties and obligations herein conferred on the Deed of Trust Trustee in the same manner and to the same extent as though it were named herein as Deed of Trust Trustee.

## SECTION VIII

### MISCELLANEOUS

8.1 **Limitation of Liability of Officers of Corporation.** No covenant, condition or agreement or obligation of a present or future officer, employee or agent of the Corporation in his or her individual capacity, and no officer thereof executing Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof or by virtue of the execution and delivery of this Deed of Trust. No officer, employee or agent of the Corporation shall incur any personal liability with respect to any other action or failure to act pursuant to this Deed of Trust, provided such officer, employee or agent acts in good faith.

8.2 **Notices.** All notices, approvals, consents, requests and other communications hereunder shall be in writing and, unless otherwise provided herein, shall be deemed to have been given when delivered or mailed by first class registered or certified mail, postage prepaid, addressed (i) if to the Corporation, to Liberty Charter Academy, 3800 Oak Ridge Road, Summerfield, North Carolina 27358, Attention: Chairman, (ii) if to the Deed of Trust Trustee, to \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, North Carolina \_\_\_\_\_, (iii) if to the Beneficiary, to UMB Bank, n.a., Attention: Corporate Trust & Escrow Services, 928 Grand Blvd, 12<sup>th</sup> Floor, Kansas City, Missouri 64106, or (iv) if to the Bondholder Representative, to 503 Capital Partners, LLC, 4000 West 114<sup>th</sup> Street, Suite 260, Leawood, Kansas 66211, Attention: Surveillance. Each party may by notice given hereunder designate any further or different addresses to which subsequent notices, approvals, consents, requests or other communications shall be sent or persons to whose attention the same shall be directed.

8.3 **Successors and Assigns.** This Deed of Trust shall be binding upon, inure to the benefit of, and be enforceable by the Corporation, the Deed of Trust Trustee, the Beneficiary, the Bondholder Representative, and any Registered Owner of Bonds and their respective successors and assigns.

8.4 **Beneficiary.** In connection with the exercise of rights or the taking of any action under this Deed of Trust, the Beneficiary shall be entitled to all of its right, protections, and immunities under the Indenture. In the event any provision of this Deed of Trust requires the approval, consent, or action by the Beneficiary, the Beneficiary may, in its sole discretion, require direction of the Bondholder Representative or, if no Bondholder Representative has been designated under the Indenture, the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (as defined in the Indenture), prior to undertaking any such approval, consent, or action.

8.5 **Amendment of Deed of Trust.** This Deed of Trust may be amended from time to time, with the consent of the Bondholder Representative and without the consent of or notice to any of the Registered Owners of the Bonds, (i) as such amendment may be required by the provisions of the Loan Agreement or the Indenture, (ii) to conform such documents or otherwise for the purpose of curing any ambiguity or formal defect or omission, or (iii) in connection with any other change therein which is not to the material adverse prejudice of the Beneficiary or the Registered Owners of the Bonds. The Bondholder Representative or the Registered Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (as defined in the Indenture) shall have the right, from time to time, to consent to and approve the execution of any other amendment to this Deed of Trust in the manner provided in Section 10.06 of the Indenture.

8.6 **Applicable Law.** This Deed of Trust shall be governed by the laws of the State of North Carolina.

8.7 **No Obligation of the State of North Carolina.** No indebtedness of any kind incurred or created by the Corporation shall constitute an indebtedness of the State of North Carolina or its political subdivisions, and no indebtedness of the Corporation shall involve or be secured by the faith, credit, or taxing power of the State of North Carolina or its political subdivisions.

[Signatures are on the Following Page.]

**IN WITNESS WHEREOF**, the Corporation has caused this Deed of Trust to be executed in its name and its seal to be affixed hereto by its duly authorized officers, all by authority duly given as of the first date written above.

**CORPORATION:**

**LIBERTY CHARTER ACADEMY**

By: \_\_\_\_\_  
Name: John O'Day  
Title: Chairman

**ATTEST:**

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Secretary

**STATE OF NORTH CAROLINA        )**  
**COUNTY OF GUILFORD            )**

This \_\_\_\_ day of March \_\_\_\_, 2025, personally came before me, a Notary Public in and for the said County and State, \_\_\_\_\_, who, being by me duly sworn, says that said person is the \_\_\_\_\_ of Liberty Charter Academy, a North Carolina nonprofit corporation, and by authority duly given and as the act of said corporation, the foregoing instrument was signed in its name by \_\_\_\_\_ as its \_\_\_\_\_, and attested by herself as its \_\_\_\_\_.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Notary's printed or typed name

[Notary Seal]

**EXHIBIT A**  
**Legal Description**

All of those certain tracts or parcels of property lying and being in Guilford County, North Carolina, and being more particularly described as follows:

**DEBTOR IS RECORD OWNER**

## DEPOSIT ACCOUNT CONTROL AGREEMENT

This Deposit Account Control Agreement (this "Control Agreement") is dated as of March 1, 2025, among **UMB BANK, N.A.**, a national banking association (the "Secured Party"), in its capacity as trustee under that certain Indenture of Trust dated as of March 1, 2025, between Secured Party and the Public Finance Authority (as amended, modified, supplemented, restated or replaced from time to time, the "Indenture"), **LIBERTY CHARTER ACADEMY**, a North Carolina nonprofit corporation (the "Debtor"), and **FIRST BANK** (the "Bank") for establishing and governing the relationship where the Bank maintains deposit account(s) of the Debtor and the Secured Party has a security interest in the account(s) and has the right to exercise exclusive control over the account(s).

### RECITALS:

A. The Debtor is the Bank's customer with respect to one or more deposit accounts as such term is contemplated in the North Carolina Uniform Commercial Code (the "UCC") and as specifically identified on Exhibit "A", which is attached hereto and incorporated herein, and any funds and other property deposited therein (whether one or more, collectively the "Account").

B. The Account, as specified in Recitals paragraph A of this Control Agreement, is the only Debtor relationship subject to this Control Agreement.

C. Certain charter school facilities (the "Project") will be financed by Educational Facilities Revenue Bonds (Liberty Charter Academy Project) Series 2025A (the "Series 2025A Bonds") and Taxable Educational Facilities Revenue Bonds (Liberty Charter Academy Project) Series 2025B (the "Series 2025B Bonds" and together with the Series 2025A Bonds, the "Series 2025 Bonds") issued under an Indenture of Trust, dated as of March 1, 2025 (the "Indenture"), between the Public Finance Authority (the "Authority") and the Secured Party, as bond trustee.

D. The Debtor has entered into a Loan and Security Agreement, dated as of March 1, 2025 (the "Loan Agreement"), between the Debtor and the Authority, specifying the terms and conditions of a loan to the Debtor of the proceeds of the Series 2025 Bonds to provide for the financing of the Project and of the payment by the Debtor to the Authority of amounts sufficient for payment of the principal of, premium, if any, or interest on the Series 2025 Bonds and costs incidental thereto.

E. The Debtor desires that the Bank enter into this Control Agreement in order to establish "control", as defined in Section 9-104 of the UCC, in favor of the Secured Party regarding the Account, and to provide for the rights of the parties under this Control Agreement with respect to the Account.

NOW, THEREFORE, in consideration of the premises and the mutual promises and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

### TERMS:



**Section 1. The Account.** The Bank maintains the Account in the ordinary course of its business subject to the Bank's terms and conditions. The Bank makes no representations or warranties as to the terms of the Loan Agreement, the Indenture or any agreement between the Secured Party and the Debtor, and the Bank will not be bound by any terms therein. At the time of the execution and delivery of this Control Agreement, the Bank has not entered into any currently effective agreement with any third party under which the Bank may become obligated to comply with any instruction for the disposition of the Account originated by such third party without the prior written consent of the Secured Party and the Debtor. The Debtor represents that it has not granted or assigned any security interest in the Account prior to or contemporaneously with the execution and delivery of this Control Agreement except to the Secured Party and will not permit the Account to become subject to any further assignment or encumbrance.

**Section 2. Subordination of Security Interest.** The Bank hereby subordinates to the Secured Party, until termination of this Control Agreement, all security interests, encumbrances, claims and rights of setoff it may have, now or in the future, against the Account **except** that the Bank may charge the Account (i) for the payment of the Bank's customary service fees and charges payable to the Bank in connection with the Account or any other related services, including but not limited to returned item fees; (ii) the amount of any loss to the Bank for the face amount of any check, draft, money order, instrument, wire transfer, automated clearing house entry, credit from a merchant card transaction, other electronic transfer of funds or other item (A) deposited in or credited by the Bank to the Account, after the date of this Control Agreement, and returned unpaid or otherwise uncollected or subject to an adjustment entry, whether for insufficient funds or for any other reason and without regard to the timeliness of the return or adjustment or the occurrence or timeliness of any other person's notice of nonpayment or adjustment, (B) subject to a claim against the Bank for breach of transfer, presentment, encoding, retention or other warranty under Federal Reserve Regulations or Operating Circulars, clearing house rules, the UCC, or other applicable law, or (C) for a merchant card transaction, against which a contractual demand for chargeback has been made; (iii) any adjustments or corrections of any posting or encoding errors; and (iv) for reimbursement of documented, out-of-pocket legal fees and expenses in connection with the enforcement of this Control Agreement by the Bank after the Bank has first made demand upon the Debtor and has not been reimbursed for such amount. The subordination set forth in this Section 2 will not apply to any security interest that the Bank has in an item under UCC Article 4 as a collecting bank.

### **Section 3. Control**

**A. Disposition Instructions.** The Bank hereby agrees and confirms to the Secured Party that the Bank's records will recognize and reflect the security interest in favor of the Secured Party. Also, the Bank shall comply with the Notice of Exclusive Control, as such term is defined below in Section 3(b) ("Notice of Exclusive Control"), upon the Bank Effective Date, as such term is defined below in Section 3(b), without further consent by the Debtor.

**B. Notice of Exclusive Control.** At any time following an event of default with respect to the Bonds (as such term is defined in the Indenture), the Secured Party may send the Notice of Exclusive Control, attached hereto as Exhibit "B" (the "Notice of Exclusive Control"), to:



First Bank  
Porters Neck Branch #116  
8286 Market Street,  
Attention: Michael Filipe, Assistant Vice President / Branch Manager II  
Wilmington, NC, 28411  
Telephone: (910) 319-1196  
Fax: (910) 686-5121  
With a copy to:

First Bank  
Deposit Operations  
P.O. Box 866  
211 Burnette Street  
Troy, NC 27371  
Attn: Sandi Carr

(collectively, the "Bank Notice Address")

with a copy to the Debtor. The Bank Notice Address may be changed as provided in Section 16 below. The Bank shall have no responsibility to investigate whether an event of default with respect to the Bonds has occurred and shall have no obligation to provide notice to the Debtor that it has received a Notice of Exclusive Control. Said Notice of Exclusive Control shall be effective to the Debtor immediately upon the occurrence of such event of default (the "Debtor Effective Date"). The Notice of Exclusive Control shall be effective to the Bank promptly upon delivery but in no event more than two (2) business days after receipt by the Bank of the Notice of Exclusive Control (the "Bank Effective Date"). Upon such Debtor Effective Date, the Debtor will cease all activity concerning the Account, be obligated and liable for any activity by the Debtor not authorized by the Secured Party after the Debtor Effective Date and shall make it best efforts to halt any transaction in progress. Upon such Bank Effective Date, the Secured Party shall exercise exclusive control over the Account and may, in its sole discretion, instruct the Bank to send or otherwise deliver the funds therein to the Secured Party. Until the Bank Effective Date, the Bank may act on orders given by the Debtor, including but not limited to orders for withdrawal or other disposition of funds and the payment of interest earned on the Account. However, the Bank will make its best efforts to establish the Bank Effective Date in a timely fashion. The Bank shall be entitled to rely on and shall act in accordance with the effective Notice of Exclusive Control and all subsequent associated instructions given to the Bank by the Secured Party with respect to the Account without further consent of the Debtor. The Bank further agrees beginning on the Bank Effective Date that it will not comply with any order or instruction originated by the Debtor directing the disposition of funds in the Account until this Control Agreement is terminated in accordance with Section 9 of this Control Agreement. The Debtor hereby agrees that after the occurrence of an event of default with respect to the Bonds, the Debtor cannot and will not under any circumstances without the prior written consent of the Secured Party withdraw or transfer, by any method, any funds from the Account until termination of this Control Agreement. The Bank in its sole discretion may reserve at any time the right to transfer only collected funds or balances

in the Account, but shall have no liability to any party for its transfer of uncollected funds. If uncollected funds are transferred, the Debtor and the Secured Party agree that the Debtor shall pay the Bank, in accordance with Section 2, Section 7 and Section 8 of this Control Agreement, for the use of said funds consistent with the account analysis charges then in effect. Funds shall not be subject to transfer if, in the reasonable determination of the Bank, the funds are subject to legal process preventing their withdrawal.

**Section 4. Statements, Confirmations and Notices of Adverse Claims.** The Debtor authorizes the Bank to provide to the Secured Party the information described below and any other information concerning the Account as may be reasonably requested by the Secured Party. The Bank shall send to the address set forth next to the Secured Party's name on the signature page of this Control Agreement, copies of Account statements ordinarily furnished by the Bank to the Debtor (as such address may be updated pursuant to Section 16 below). The Bank's liability for failing to provide any Account statement will not exceed the Bank's cost of providing the statement. Upon receipt of written notice of any lien, encumbrance or adverse claim against the Account or any funds credited thereto, the Bank will use its best efforts to notify the Secured Party and the Debtor thereof. If the Bank provides, at the request of the Secured Party, any of the aforementioned information, then the Account shall be charged the Bank's standard fees, in accordance with Section 2 of this Control Agreement, for providing such information to the Secured Party. The Debtor agrees that if there are insufficient funds in the Account to pay such charges, to reimburse the Bank for such charges within five (5) days of the Bank's demand therefor.

**Section 5. Limited Responsibility of the Bank.** The Bank shall have no responsibility or liability for complying with instructions of the Debtor or otherwise completing a transaction for the Debtor that the Bank has started to process prior to the Bank Effective Date.

The Bank shall have no responsibility to investigate the appropriateness of any Secured Party's instructions or Notice of Exclusive Control, even if the Debtor notifies the Bank that the Secured Party is not legally entitled to originate any such instruction or Notice of Exclusive Control and shall have no obligation to notify Debtor that it has received a Notice of Exclusive Control.

The Bank shall not be liable for relying on any order, instruction or notice it believes in good faith to be genuine and given by the appropriate party.

The Bank shall not be liable to any party (including the Debtor) for failing to follow any Notice of Exclusive Control that does not meet any one of the following requirements:

- (i) Notice of Exclusive Control in the form of Exhibit "B" with the information provided on such Exhibit, executed by the Secured Party; or
- (ii) Notice of Exclusive Control must be received at the Bank Notice Address in Section 3B, or
- (iii) this Control Agreement must be attached to it, or
- (iv) the Notice of Exclusive Control is otherwise incomplete.

In addition, as a result of such defect, the Bank shall not be liable if it continues to comply with

the Debtor's instructions or orders concerning the Account. The Bank shall not be liable to the Debtor for following a Notice of Exclusive Control that fails to meet the requirements set forth immediately above in items (i), (ii), (iii), and (iv).

The Bank shall have no responsibility or liability for complying with instructions or orders from the Secured Party concerning the Account immediately upon receipt of the Notice of Exclusive Control even if following such instructions or orders result in the Bank dishonoring items presented for payment from the Account.

The Bank shall not be liable for failing to act or delaying to act, and no such failure or delay shall constitute a breach of this Control Agreement if:

- (i) such failure or delay is caused by circumstances beyond the Bank's control or caused in whole or in part by legal constraint, emergency conditions, action or inaction of governmental, civil or military authority, fire, strike, lockout, or labor dispute, war, terrorism, riot, theft, flood, earthquake or other natural disaster, equipment or computer malfunction or failure, or any act, omission, breach, negligence or default of the Debtor or the Secured Party, or
- (ii) such failure or delay resulted from the Bank's reasonable belief that the action would have violated any guideline, statute, rule, or regulation of a governmental authority, or
- (iii) such failure or delay resulted from the Bank's reasonable belief that the action would have violated an order, judgment, injunction, garnishment, bankruptcy proceeding, or other legal process, directing, prohibiting or otherwise restricting, the disposition of the Account, or
- (iv) such failure or delay resulted from a request for the disposition of funds that were not collected funds or immediately available in the Account.

The Debtor and the Secured Party acknowledge and agree that the Bank is acting as a depository only and not acting as a fiduciary and nothing in this Control Agreement shall create any agency, fiduciary, joint venture or partnership relationship between the Bank and the Secured Party or the Debtor in any capacity for either party. The Bank will have no duty to monitor or examine the source or nature of funds deposited in or credited to the Account or to any other account of the Debtor at the Bank. The Secured Party acknowledges that Bank has no responsibility for the monitoring and auditing of the Debtor's Account transactions that are processed by the Bank for compliance with the Debtor's agreements with Secured Party. The Bank shall not be liable for any loss occasioned by the Debtor's failure to adhere to its agreements with the Secured Party or for any loss occasioned by the Debtor's failure to direct deposits or remittances into the Account. The Bank shall have no duties to the Secured Party except as expressly set forth in this Control Agreement. The Bank's liability is limited to direct money damages actually incurred in an amount not exceeding the amount of the fees paid to the Bank for providing this service in the calendar year in which such loss occurs. In no event will the Bank be liable for any special, indirect, punitive, exemplary or consequential damages.

**Section 6. Indemnification of the Bank.** The Debtor hereby agrees to indemnify and hold harmless the Bank, its directors, officers, agents and employees against any and all claims, causes of action, liabilities, lawsuits, demands and damages, including without limitation, any and all court costs and reasonable out of pocket and allocable internal attorney's fees, in any way related to or arising out of or in connection with this Control Agreement or any action taken or not taken pursuant hereto, except to the extent caused by the Bank's gross negligence or willful misconduct.

**Section 7. Reimbursement.** The Debtor agrees to reimburse the Bank for any charge against the Account under Section 2 for which there were insufficient funds in the Account to satisfy the charge.

**Section 8. Account Agreements.** All parties hereto agree that the Account is subject to the Bank's standard deposit agreement and other agreements governing any applicable cash management, online or other services provided by the Bank in relation to the Account, including any amendments or modifications thereof (collectively, the "Deposit-related Agreements"). In exercising control over the Account, whether before or after the Bank's receipt of a Notice of Exclusive Control, any party exercising such control agrees to the terms of the Deposit-related Agreements. In the event of a conflict between this Control Agreement and any of the Deposit-related Agreements, the terms of this Control Agreement will prevail. However, this Control Agreement will not (i) alter or impair any claim, right or defense, including any mandatory arbitration provision, currently in effect between the Bank and the Debtor under any Deposit-related Agreement, or (ii) create any third-party beneficiary rights under any Deposit-related Agreement in favor of the Secured Party. In the event of the Bank's receipt of a Notice of Exclusive Control, the Debtor authorizes the Secured Party to exercise any rights under the Deposit-related Agreements, and the Debtor specifically agrees that such rights may include, but not be limited to, changing the Account to an escrow-type account with the Secured Party as the sole signatory, so as to reflect the intent of this Control Agreement by evidencing the Secured Party's exclusive control over the Account.

**Section 9. Term; Termination.** (a) This Control Agreement shall remain in effect until the date that the Bonds are paid in full, unless terminated earlier than such date pursuant to subsection (b) below.

(b) This Control Agreement may not be terminated by the Debtor except as provided in the next sentence. This Control Agreement may be terminated (i) by the Secured Party at any time upon 30 days' notice to the other parties, (ii) by the Debtor only upon the prior written consent of the Secured Party and thirty (30) days' notice to the Bank, and (iii) by the Bank (A) immediately upon notice to the other parties if the Bank becomes obligated to terminate this Control Agreement or to close the Account under any statute, rule or regulation, or any order or process binding upon the Bank, including but not limited to bankruptcy filing by the Debtor or the Secured Party or (B) upon five (5) business days' notice to the other parties if any other party is in material breach of this Control Agreement or any of the Deposit-related Agreements, or (C) otherwise upon thirty (30) days' notice to the other parties. In addition, the Debtor and the Bank each have the right to close the Account and if either the Debtor or the Bank closes the Account, this Control Agreement shall terminate. If the Bank terminates this Control Agreement, the Bank will remit any funds in the Account to the Debtor unless a Notice of Exclusive Control has been delivered to Debtor, in

which case such funds will be remitted at the direction of or to the Secured Party. The Bank in its sole discretion may but shall not be required to interplead any funds in the Account into any state or federal court of North Carolina with all associated costs and charges to be paid by the Debtor or charged to the Account pursuant to Section 2 above. Upon the Bank's receipt of notice from the Secured Party that its security interest in the Account is terminated, the obligations of the Bank hereunder with respect to the operation and maintenance of the Account shall terminate, the Secured Party shall have no further right to originate instructions concerning the Account and any previous Notice of Exclusive Control delivered by the Secured Party shall be deemed to be of no further force and effect. Sections 5, 6, and 7 shall survive the termination of this Control Agreement. The Debtor agrees that it will not close the Account prior to termination of this Control Agreement.

**Section 10. Bankruptcy Notice; Effect of Filing.** If the Bank at any time receives notice of the commencement of a bankruptcy case or other insolvency or liquidation proceeding by or against the Debtor ("Bankruptcy Notice"), the Bank will continue to comply with its obligations under this Control Agreement, except to the extent that any action required of the Bank under this Control Agreement is prohibited under applicable bankruptcy laws or regulations or is stayed pursuant to the automatic stay imposed under the United States Bankruptcy Code or by order of any court or agency. In the event of a Bankruptcy Notice, the Bank reserves the right to terminate this Control Agreement in accordance with Section 9 above.

**Section 11 Fees.** To compensate the Bank for establishing and performing the herein described services, the Debtor agrees to pay to the Bank the fees as set forth in the Fee Schedule which is attached hereto and incorporated herein as Exhibit "C", as it may be amended from time to time, and which will be in addition to other fees for services such as account analysis, collection, processing, transfer, wire, postage, any documented, out-of-pocket internal expenses.

**Section 12. Complete Agreement.** This Control Agreement and the instructions and notices required or permitted to be executed and delivered hereunder set forth the entire agreement of the parties with respect to the subject matter hereof, and, subject to Section 8 above, supersede any previous and contemporaneous negotiations, understandings and agreements of the parties concerning its subject matter.

**Section 13. Amendments.** No amendment, modification or termination of this Control Agreement (except as otherwise specified in Section 9 above and Section 16 below), nor any assignment of any rights hereunder (except to the extent contemplated under Section 15 below), shall be binding on any party hereto unless it is in writing and is signed by each of the parties hereto, and any attempt to so amend, modify, terminate or assign except pursuant to such a writing shall be null and void. No waiver of any rights hereunder shall be binding on any party hereto unless such waiver is in writing and signed by the party seeking enforcement.

**Section 14. Severability.** If any term or provision set forth in this Control Agreement shall be invalid or unenforceable, the remainder of this Control Agreement, other than those provisions held invalid or unenforceable, shall be construed in all respects as if such invalid or unenforceable term or provision were omitted.

**Section 15. Successors and Assigns.** The terms of this Control Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors or heirs and personal representatives. This Control Agreement may be assigned (i) by the Bank upon written notice thereof to the other parties, (ii) by the Secured Party upon prior notice to the Bank, and (iii) by the Debtor only with the prior written consent of the Bank and the Secured Party. Notwithstanding the foregoing, this Control Agreement shall be automatically assigned to, and inure to the benefit of, any successor trustee under the Indenture, without notice to, or consent of, any party.

**Section 16. Notices.** Unless otherwise notified in writing and in accordance with this Control Agreement, all notices must be sent to a party's current notice address under this Control Agreement to be effective. Except as otherwise expressly provided herein, any notice, order, instruction, or other communication required or permitted to be given under this Control Agreement shall be in writing and deemed to have been properly given and effective when delivered in person, via a nationally recognized overnight courier service, or upon receipt of notice sent by certified or registered United States mail, return receipt requested, postage prepaid, addressed to such party's notice address as set forth herein or thereafter modified for such party in accordance with this Control Agreement. Any party may change its address for notices in the manner set forth above and such delivery shall bind other parties to such notice, including but not limited to honoring limits on liability for not addressing all notices to such party's proper notice address. Effective notification of notice address change by any party shall amend this Control Agreement (as specified in Section 13 above).

**Section 17. Counterparts.** This Control Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Control Agreement by signing and delivering one or more counterparts. Delivery of an executed counterpart of a signature page of this Control Agreement by telecopy or electronic format (including .pdf) shall be effective as delivery of a manually executed counterpart of this Control Agreement.

**Section 18. Choice of Law.** This Control Agreement shall be governed by and construed in accordance with the law of the State of North Carolina. The parties agree that any dispute arising out of this Control Agreement shall be adjudicated in the state or federal courts of North Carolina and in no other forum, and each of the undersigned hereby submits to the jurisdiction of such courts.

**Section 19. Waiver of Jury Trial.** To the extent permitted by applicable law, each party waives all rights to trial by jury in any action, claim or proceeding (including any counterclaim) of any type arising out of or directly or indirectly relating to this Control Agreement.

**Section 20. Third Party Beneficiaries.** The holders of the Bonds issued pursuant to the Indenture, including the Beneficial Owners and the Bondholder Representative (as such terms are defined in the Indenture), are intended third party beneficiaries of this Control Agreement.

**Section 21. No Obligation of the State of North Carolina.** No indebtedness of any kind incurred or created by the Debtor shall constitute an indebtedness of the State of North

Carolina or its political subdivisions, and no indebtedness of the Debtor shall involve or be secured by the faith, credit, or taxing power of the State of North Carolina or its political subdivisions.



**IN WITNESS WHEREOF**, each of the parties has signed this Control Agreement by its duly authorized representative as of the day and year first above written.

**SECURED PARTY:** UMB BANK, NATIONAL ASSOCIATION, as Trustee

"Secured Party Notice  
Address"  
"  
By: \_\_\_\_\_  
Name: Sarah Sanchez  
Title: Vice President  
Address: 928 Grand Blvd., 12th Floor  
Kansas City, MO 64106  
Sarah.sanchez@umb.com  
\_\_\_\_\_  
Attention: Sarah Sanchez  
Telephone: 816.860.3784  
FAX: \_\_\_\_\_

**DEBTOR:** LIBERTY CHARTER ACADEMY

"Debtor Notice  
Address"  
By: \_\_\_\_\_  
Name: John O'Day  
Title: Chairman  
Address: 3800 Oak Ridge Road  
Summerfield, North Carolina 27358  
\_\_\_\_\_  
Attention: Chairman  
Telephone: \_\_\_\_\_

**BANK:** FIRST BANK

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Telephone: \_\_\_\_\_

[Signature Page to Deposit Account Control Agreement]



**EXHIBIT "A"**

First Bank

Deposit Account # \_\_\_\_\_

**EXHIBIT "B"**

**[Letterhead of Secured Party]**

**DEPOSIT ACCOUNT CONTROL AGREEMENT**

**NOTICE OF EXCLUSIVE CONTROL**

Date: \_\_\_\_\_

ANY NOTICES MUST BE SENT TO ALL PROPER NOTICE ADDRESSES IN THE  
CONTROL AGREEMENT TO BEGIN CONSIDERATION FOR EFFECTIVENESS UNDER  
SECTION 3 OF DEPOSIT ACCOUNT CONTROL AGREEMENT

\_\_\_\_\_  
Attention: \_\_\_\_\_

[Send to all persons at First Bank required to receive a Notice of Exclusive Control under the Control Agreement]

Ladies and Gentlemen:

This is the Notice of Exclusive Control as defined in the Deposit Account Control Agreement dated as of March 1, 2025 (as currently in effect, the "Control Agreement"), among you, us and Liberty Charter Academy, a North Carolina nonprofit corporation (the "Debtor"). A copy of the Control Agreement as fully executed is attached. Capitalized terms used in this Notice have the meanings given them in the Control Agreement.

This Notice of Exclusive Control directs the Bank to no longer comply with instructions or orders of the Debtor. We represent that the undersigned is a duly authorized representative of the Secured Party. We also recognize that your obligation to comply with this notice is subject to the other provisions of the Control Agreement, including but not limited to Section 5 thereof.

EIN of entity initiating transaction (not used for any IRS income reporting purpose; used only for entity directing funds disbursement at federally insured financial institution: \_\_\_\_\_

Funds transfer instructions:

Receiving bank: \_\_\_\_\_

ABA routing number: \_\_\_\_\_

ABA routing number for ACH transaction: \_\_\_\_\_

Reference details: \_\_\_\_\_

Very truly yours,

UMB BANK, NATIONAL ASSOCIATION, as  
Trustee

By: \_\_\_\_\_

Title: \_\_\_\_\_

Phone: \_\_\_\_\_

cc: Debtor [insert notice address]

**EXHIBIT "C"****DEPOSIT ACCOUNT CONTROL AGREEMENT****FEE SCHEDULE**

The following fees shall be paid to the Bank for establishing and performing the services described in the Deposit Account Control Agreement and shall be in addition to any other applicable Account related charges or fees, including but not limited to account analysis, collection, processing, transfer, wire, postage or any out-of-pocket expenses. This Fee Schedule may be amended from time to time by the Bank upon notice to the parties.

Set-up Fee	\$1,000 per deposit account
Monthly Maintenance Fee	\$250 per deposit account
Monthly Maintenance Fee <i>when a "Notice of Exclusive Control" or "Trigger Letter" is received by the Bank from the Secured Party</i>	\$500 per deposit account <i>This fee will be applied in the month the notice is received</i>
Document Preparation/Review Fee	\$2,250

200579707.3

## AMENDMENT TO CHARTER MANAGEMENT AGREEMENT

This Amendment to Charter Management Agreement (this "Amendment"), dated as of [\_\_\_\_], 2025, is by and between American Traditional Academies, LLC, a North Carolina limited liability company ("ATA"), and Liberty Charter Academy, a North Carolina nonprofit corporation (the "School"). Each of ATA and the School is referred to herein as a "Party" and, collectively, as the "Parties".

### RECITALS

A. ATA and the School previously entered into a Charter Management Agreement dated as of April 19, 2022 (the "Original Management Agreement"), as previously amended by an Addendum to Charter Management Agreement dated April 19, 2022 (the "Addendum" and together with the Original Management Agreement, the "Management Agreement").

B. Pursuant to Article XII, Section E of the Management Agreement, the Parties desire to amend the Management Agreement as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Defined Terms. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings given to them in the Management Agreement.

2. Amendments. Article VI, Section D of the Management Agreement is hereby amended and restated in its entirety to read as follows:

**D. Budgetary Shortfalls.** In the event that the annual expenses for the operations of the School exceed the Revenue, ATA will provide short-term liquidity support to the School to ensure that the School does not operate in a deficit. ATA will be repaid from Revenues as soon as practicable. The terms of the liquidity support will be agreed upon by ATA and the Board. The purpose of this provision is to create a temporary measure to bridge short-term cash flow challenges and not to provide ATA with an equity interest in the Revenues or any other assets of the School.

3. Continuation of Management Agreement. Except as specifically amended by this Amendment, the Management Agreement shall continue in full force and effect in accordance with the terms in existence as of the date of this Amendment. After the date of this Amendment, any reference to the Management Agreement shall mean the Management Agreement as amended by this Amendment.

4. Choice of Law. This Amendment shall be governed by and construed and enforced in accordance with Article XII, Section B of the Management Agreement.

5. Recitals. The recitals set forth above are incorporated herein as by reference as reflecting the general understanding and intent of the Parties.

6. Counterparts. This Amendment may be executed in several counterparts (any of which may be delivered by facsimile or email transmission), each of which shall be an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first written above.

AMERICAN TRADITIONAL ACADEMIES, LLC

By: \_\_\_\_\_

Name: Mary Catherine Sauer  
Title: Executive Director

By: \_\_\_\_\_

Name: Taft Morley  
Title: Managing Partner

LIBERTY CHARTER ACADEMY

By: \_\_\_\_\_

Name: John O'Day  
Title: Board Chairman

[Signature Page to Amendment to Management Agreement]

**RESOLUTION OF THE BOARD OF DIRECTORS OF LIBERTY CHARTER ACADEMY RELATING TO THE ISSUANCE OF PUBLIC FINANCE AUTHORITY EDUCATIONAL FACILITIES REVENUE BONDS (LIBERTY CHARTER ACADEMY PROJECT), SERIES 2025A AND PUBLIC FINANCE AUTHORITY TAXABLE EDUCATIONAL FACILITIES REVENUE BONDS (LIBERTY CHARTER ACADEMY PROJECT), SERIES 2025B**

The Board of Directors (the "Board") of Liberty Charter Academy (the "Borrower"), a nonprofit corporation incorporated and existing under and by virtue of the laws of the State of North Carolina, held a meeting, duly called and held pursuant to the terms of the Bylaws of the Borrower, on March [ ], 2025. A quorum was present at all times.

**WHEREAS**, the Borrower has determined that it is in its best interest to make an application to the Public Finance Authority (the "Authority") for a loan for the purpose of providing funds to (1) finance the cost of the acquisition of an approximately 11-acre parcel of land and a 128,658 square foot building located at 1701 Westchester Drive in the City of High Point, Guilford County, North Carolina 27262 (the "Property") and the costs of the construction, renovation and equipping of improvements to the Property (collectively, the "Improvements") for the operation of a charter school (the "Charter School"); (2) pay certain capitalized interest on the Series 2025 Bonds (as defined below); and (3) pay certain costs of issuance of the Series 2025 Bonds (collectively, the "Project");

**WHEREAS**, the Authority intends to issue its Educational Facilities Revenue Bonds (Liberty Charter Academy Project), Series 2025A (the "Series 2025A Bonds") and Taxable Educational Facilities Revenue Bonds (Liberty Charter Academy Project), Series 2025B (the "Series 2025B Bonds" and, together with the Series 2025A Bonds, the "Series 2025 Bonds"), in an aggregate principal amount not to exceed \$23,500,000, pursuant to an Indenture of Trust (the "Indenture"), between the Authority and UMB Bank, N.A., as trustee (the "Trustee");

**WHEREAS**, the Authority intends to loan the proceeds of the Series 2025 Bonds to the Borrower for the purposes set forth above pursuant to a Loan and Security Agreement (the "Loan Agreement"), between the Authority and the Borrower, which the Authority (except for certain unassigned rights to be retained by the Authority) will assign to the Trustee;

**WHEREAS**, American Charter Development ("ACD") has entered into a Purchase and Sale Agreement (the "PSA") with the seller of the Property and ACD intends to assign the PSA to the Borrower pursuant to an Assignment of Purchase and Sale Agreement (the "PSA Assignment");

**WHEREAS**, pursuant to the PSA Assignment, the Borrower will purchase the Property for a purchase price of \$9,500,000 pursuant to the terms of the PSA;

**WHEREAS**, ACD originally agreed to acquire the Property and to construct, renovate and equip the charter school facilities and lease such facilities to the Borrower pursuant to a School Lease Agreement dated September 6, 2024 (the "Lease");



**WHEREAS**, the Borrower, with the advice of First Tyron, its financial advisor, has determined that it is in the best interest of the Borrower to terminate the Lease, acquire the Property and construct, renovate and equip the Improvements itself, and ACD has agreed to develop the Improvements for the Borrower pursuant to a Development Agreement between the Borrower and ACD, which will incorporate the development terms contained in the Lease (the "Development Agreement");

**WHEREAS**, in connection with the issuance of the Bonds, a portion of the development fee to be paid to ACD under the Development Agreement will be paid in the form of a subordinate note from the Borrower for the benefit of ACD (the "Subordinate Note") and Borrower and the Developer will execute a Collateral Assignment of Developer Agreement and Subordination of Developer Fees (the "Collateral Assignment of the Development Agreement") to and for the benefit of the Trustee;

**WHEREAS**, the Borrower has previously executed a Charter Management Agreement dated as of April 19, 2022, as previously amended (the "Original Management Agreement") with American Traditional Academies, LLC (the "Manager"), for the management of the charter school to be located at the Property (the "Charter School"), and in connection with the issuance of the Bonds, the Borrower and the Manager will execute (i) an Amendment to Charter Management Agreement (the "Amendment to Management Agreement") for purposes of amending the Original Management Agreement and (ii) a Collateral Assignment of Management Agreement and Subordination of Management Fees (the "Collateral Assignment of the Management Agreement") to and for the benefit of the Trustee;

**WHEREAS**, 503 Capital Partners LLC (the "Bondholder Representative"), as representative for a group of purchasers that have agreed to purchase the Series 2025 Bonds in order to provide financing for the Series 2025 Project, pursuant to the terms of a term sheet dated January 10, 2025 (the "Term Sheet");

**WHEREAS**, the Series 2025 Bonds will be sold pursuant to a Placement Agreement (the "Agreement") among the Authority, Liberty Charter Academy, Hilltop Securities Inc, as placement agent and 503 Capital Partners LLC (the "Placement Agreement"); and

**WHEREAS**, the Borrower will execute and deliver a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "Deed of Trust"), in favor of a deed of trust trustee named therein for the benefit of the Trustee, as well as certain other security documents in order to secure the Borrower's obligations under the Loan Agreement;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BORROWER AS FOLLOWS:**

**Section 1. Approval of Transaction Documents.** (a) The forms, terms and provisions of all of the documents necessary to accomplish this transaction, including, but not limited to, the following documents (collectively, the "Transaction Documents") be, and they hereby are, approved in all respects. Drafts of the following documents were made available to or described to the Board:

- i. the Indenture (including the proposed forms of the Series 2025 Bonds);

- ii. the Loan Agreement;
- iii. the Deed of Trust;
- iv. the Deposit Account Control Agreement among the Borrower, the Trustee and First Bank;
- v. the Placement Agreement;
- vi. the Settlement Agent Services Agreement among Hilltop Securities, Inc., as settlement agent, the Borrower, the Authority and the Bondholder Representative;
- vii. the Continuing Disclosure Agreement between the Borrower and UMB Bank, N.A., as dissemination agent;
- viii. the Development Agreement;
- ix. the Subordinate Note;
- x. the Collateral Assignment of Development Agreement;
- xi. Amendment to Management Agreement;
- xii. the Collateral Assignment of Development Agreement;
- xiii. the Construction Disbursement and Monitoring Agreement by and among the Borrower, the Trustee and \_\_\_\_\_, as the Construction Monitor;
- xiv. the Collateral Assignment of Contract executed by the Borrower for the benefit of the Trustee; and
- xv. the Lease Termination Agreement, by and between the Borrower and ACD.

(b) The Board hereby (1) approves the terms and conditions for issuance of the Series 2025 Bonds as described in the Transaction Documents, and (2) authorizes John O'Day, Chairman, Matthew Schneider, Vice-Chairman, Doug MacColl, Secretary, and AJ Miller, Treasurer (each, and any other person holding such offices, an "Authorized Officer" and collectively, the "Authorized Officers"), or any of them acting individually, to approve (A) any details of the issuance of the Series 2025 Bonds, (B) the acquisition of the Property, (C) the construction, renovation and equipping of the Improvements, (D) any other aspect of the Project not included in the drafts of the Transaction Documents made available at the meeting, provided that the aggregate principal amount of the Series 2025 Bonds to be sold at the initial closing shall not exceed \$23,500,000.

**Section 2. Execution of Transaction Documents.** The Authorized Officers are each hereby authorized and directed, in the name and on behalf of the Borrower, to execute, attest, seal and deliver the Transaction Documents to which the Borrower is a party, and any and all other related agreements, closing certificates, tax certificates, assignment of contracts, instruments and

documents required to be executed and delivered by the Borrower, each in such final form as the Authorized Officer executing the same deems appropriate, the execution and delivery of such documents by such Authorized Officer to be conclusive evidence that the form thereof is hereby approved. The Secretary is hereby authorized to attest such signatures and sign any documents relating to the Transaction Documents for which the Secretary's signature is required.

**Section 3. Further Action.** The Authorized Officers, and each of them acting alone, are hereby authorized, in the name and on behalf of the Borrower, to take or cause to be taken any and all such other action as they may determine in their discretion to be necessary or advisable or in the best interest of the Borrower, in order to effectuate, complete and carry out the intent and purposes of the foregoing resolutions and the transactions authorized thereby.

**Section 4. Ratification of Prior Action.** All things heretofore done and all action heretofore taken by any and all officers and agents of the Borrower in furtherance of the foregoing resolutions, but not including actions in violation of law or public policy, be, and they hereby are, ratified, confirmed and approved in all respects.

**Section 5. Effective Date.** This Resolution is effective immediately on the date of its adoption.

*[Remainder of page intentionally left blank]*

## **CERTIFICATE**

The undersigned Chairman of the Board of Directors of Liberty Charter Academy, a North Carolina nonprofit corporation, hereby certifies that the foregoing is a true, correct and complete copy of a resolution adopted by a majority of the members of the Board of Directors present and voting at a regular meeting duly called and held on March [ ], 2025, and that such resolution has not been repealed, revoked, rescinded or amended, and is in full force and effect on the date hereof.

This \_\_\_\_ day of March, 2025.

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Chairman of Board of Directors  
Liberty Charter Academy

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## **LOAN AND SECURITY AGREEMENT**

by and between

### **PUBLIC FINANCE AUTHORITY**

and

### **LIBERTY CHARTER ACADEMY**

Up to \$[XXX,XXX,XXX]  
Public Finance Authority  
Educational Facilities Revenue Bonds  
(Liberty Charter Academy Project)  
Series 2025

Dated as of March 1, 2025

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This Loan and Security Agreement also is a security agreement with respect to certain accounts and the obligations of the Corporation (as defined herein) hereunder are secured by a deed of trust lien on certain real estate and improvements thereon. Certain rights of the Public Finance Authority hereunder (excluding the Unassigned Rights, as defined in the Indenture of Trust hereinafter referred to) have been assigned to UMB Bank, n.a., Kansas City, Missouri, as trustee (the "Trustee") under an Indenture of Trust, dated as of March 1, 2025, by and between the Public Finance Authority and the Trustee.

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## LOAN AND SECURITY AGREEMENT

**THIS LOAN AND SECURITY AGREEMENT**, dated as of March 1, 2025 (this "Agreement"), is by and between the **PUBLIC FINANCE AUTHORITY**, a joint powers commission under Section 66.0304 of the Wisconsin Statutes, and a unit of government and body corporate and politic organized and existing under the laws of the State of Wisconsin (together with its successors and assigns, the "Authority"), and **LIBERTY CHARTER ACADEMY**, a North Carolina nonprofit corporation (together with its permitted successors and assigns, the "Corporation").

### WITNESSETH:

**WHEREAS**, certain of the capitalized terms used in the preambles hereto are defined in Article I of this Agreement; and

**WHEREAS**, the Act (as more particularly defined herein) authorizes the Authority to issue revenue bonds to finance a project, including, but not limited to, any capital improvement, purchase of receivables, property, assets, commodities, bonds or other revenue streams or related assets, working capital program or liability or other insurance program; and

**WHEREAS**, the Act authorizes the Authority to make loans to a participant in connection with financing a project; and

**WHEREAS**, the Corporation has applied for the financial assistance of the Authority in (1) financing of the cost of the acquisition, construction and equipping of educational facilities to be owned and operated by the Corporation or an affiliate thereof (the "Project"), (2) paying certain capitalized interest on the Series 2025 Bonds (as more particularly defined herein), and (3) paying certain costs of issuance of the Series 2025 Bonds; and

**WHEREAS**, the Project is located at 1701 Westchester Drive in High Point, Guilford County, North Carolina 27262; and

**WHEREAS**, the Facility (as more particularly defined herein) is located within the territorial limits of the County of Guilford, State of North Carolina (the "Project Jurisdiction") and the Authority, based on representations of the Corporation but without independent investigation, has found and determined that the financing will promote significant economic, cultural and community development opportunities, including the creation or retention of employment, the stimulation of economic activity and the promotion of improvements in the health, safety and welfare of persons living or working in the Project Jurisdiction and nearby communities; and

**WHEREAS**, the Authority has authorized the issuance of the Series 2025 Bonds (as more particularly defined herein), and has entered into this Agreement with the Corporation specifying the terms and conditions of a loan by the Authority to the Corporation of the proceeds of the Series 2025 Bonds to provide for financing for the items set forth above and of the payment by the Corporation to the Authority of amounts sufficient for the payment of the principal of, premium, if any, or interest on the Series 2025 Bonds and costs incidental thereto; and

**WHEREAS**, in order to finance the items set forth above and fund such loan, the Authority proposes to issue its Educational Facilities Revenue Bonds (Liberty Charter Academy Project) Series 2025A, in the original aggregate principal amount of up to \$[XXX,XXX,XXX] (the "Series 2025A Bonds") and Taxable Educational Facilities Revenue Bonds (Liberty Charter Academy Project) Series 2025B, in the original aggregate principal amount of up to \$[XXX,XXX,XXX] (the "Series 2025B Bonds" together with

the Series 2025A Bonds, the "Series 2025 Bonds"), pursuant to an Indenture of Trust, dated as of March 1, 2025, by and between the Authority and UMB Bank, N.A., as trustee (the "Trustee"); and

**WHEREAS**, pursuant to and in accordance with the Act, the Authority proposes to make a loan to the Corporation (the "Loan") and the Corporation desires to borrow from the Authority the proceeds of the Bonds for purposes of financing the items set forth above upon the terms and conditions hereinafter set forth in this Agreement.

**NOW, THEREFORE**, for and in consideration of the premises and the mutual covenants hereinafter contained, the receipt and sufficiency of which are hereby acknowledged, the parties hereto formally covenant, agree and bind themselves as follows:

## **ARTICLE I**

### **DEFINITIONS**

All terms defined in Article I of the Indenture shall have the same meaning in this Agreement. In addition, the following terms, except where the context indicates otherwise, shall have the respective meanings set forth below:

"Accountant" means any independent public accounting firm licensed to practice in the State of North Carolina (which may be the firm of accountants who regularly audit the books and accounts of the Corporation) from time to time selected by the Corporation and not objected to by the Bondholder Representative, which individual or firm shall have no interest, direct or indirect, in the Corporation, in the case of an individual, shall not be a director, officer or employee of the Corporation and, in the case of a firm, shall not have a partner, member, director, officer or employee who is a director, officer or employee of the Corporation.

"Accountant's Certificate" means a report, certificate or opinion by the Accountant.

"Act" means Sections 66.0301, 66.0303 and 66.0304 of the Wisconsin Statutes, as amended.

"Additional Payments" means the amounts required to be paid by the Corporation to the Authority or to the Trustee, as the case may be, in addition to Loan Payments, pursuant to Section 5.02(f) hereof consisting of the following:

(a) all taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the 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 Trustee and taxes based upon or measured by the net income of the Trustee; provided, however, that the Corporation shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, at the Corporation's expense, to protest and contest any such taxes or assessments levied upon them and that the Corporation 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 Trustee;

(b) all fees, charges and expenses of the Trustee for services rendered under the Indenture, as and when the same become due and payable;

(c) the fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority, the Trustee or the Bondholder Representative in connection with the performance of its duties or exercise of its rights hereunder or under the Indenture and to prepare audits, financial statements, reports, opinions or provide such other services required under this Agreement, the Tax Agreement, the Deed of Trust, the Indenture or any other Corporation Document, including, but not limited to, any audit or inquiry by the Internal Revenue Service or any other governmental body; and

(d) the Annual Fee 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 Agreement, the other Corporation Documents, the Bonds or the 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 Agreement, the other Corporation Documents, the Bonds or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Corporation, its properties, assets or operations or otherwise in connection with the administration of this Agreement, the Indenture or the other Corporation Documents.

"Annual Compliance Certificate" means the form of certificate set forth in Exhibit B hereto.

"Annual Fee" means the Authority's annual administration fee determined and payable in the amounts and at the times specified in Section 5.02(f) of this Agreement.

"Architect" means Insight Architects.

"Assignment of Project Documents" means the Assignment of Project Documents executed by the Corporation to and for the benefit of the Trustee and consented to by the Contractor and the Architect.

"Authority" means the Public Finance Authority, its successor or assigns.

"Authority Documents" means this Agreement, the Indenture, the Placement Agreement, the Settlement Agreement, the Bonds and the Tax Agreement.

"Authority Indemnified Persons" means, collectively, (i) the Sponsors, (ii) the Members and (iii) each and all of the Authority's, the Sponsors' and the Members' respective past, present and future directors, board members, governing members, trustees, commissioners, elected or appointed officials, officers, employees, Authorized Signatories of the Authority, attorneys, contractors, subcontractors, agents and advisers (including, without limitation, counsel and financial advisers) and each of their respective heirs, successors and assigns.

"Authorized Signatory of the Authority" means any officer, director or other Person designated by resolution of the Board of Directors of the Authority (whether such resolution is adopted in connection with the issuance of the Bonds or otherwise) or the Authority's Bylaws as an 'Authorized Signatory' empowered to, among other things, execute and deliver on behalf of the Authority the Authority Documents and the Bonds.

"Bond Interest Fund" means the Bond Interest Fund created in Section 3.02 of the Indenture.

"Bond Interest Fund Initial Deposit" means (a) with respect to the Series 2025 Bonds, the amount deposited in accordance with the Initial Closing Memorandum; and (b) with respect to any Additional Bonds, an amount set forth in any amendment to this Agreement.

"Bond Principal Fund" means the Bond Principal Fund created in Section 3.02 of the Indenture.

"Bond Year" means the period commencing \_\_\_\_\_ of each calendar year and terminating on \_\_\_\_\_ of the [same][next] calendar year, except that the first Bond Year shall commence on \_\_\_\_\_, 2025 and end on \_\_\_\_\_, 202\_\_.

"Capital Improvements" means the acquisition of land, easements, facilities, and equipment (other than ordinary repairs and replacements), and the construction or reconstruction of improvements, betterments, and extensions which, under GAAP as prescribed by the Governmental Accounting Standards Board, are properly chargeable as capital items.

"Cash Flow" means the sum of the Corporation's increase in fund balances, [plus] any expenses incurred in connection with Capital Improvements, and any other non-cash expense, less any non-cash revenues.

"Closing Date" means the date of initial issuance and delivery of the Series 2025 Bonds.

"Charter" means the charter contract entered into pursuant to the Charter School Act by and between the Corporation and the North Carolina State Board of Education, effective for the term July 1, 2025, through June 30, 2030, pursuant to which the Corporation is authorized to operate Liberty Charter Academy, and any subsequent renewal thereof, as amended and modified from time to time.

"Charter School Act" means Section 115C-218 et seq. of the North Carolina General Statutes.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations prescribed thereunder.

"Collateral Assignment of Development Agreement" means the Collateral Assignment of Development Agreement dated March \_\_, 2025 executed by the Corporation and American Traditional Academies, LLC to and for the benefit of the Trustee.

"Completion Certificate" means a certificate signed by the Authorized Representative of the Corporation, stating that the Corporation has completed the Project.

"Completion Date" means the date of completion of the Project as that date shall be certified as provided in Section 4.03 hereof.

"Construction Disbursement Agreement" means the Construction Disbursement and Monitoring Agreement dated as of March 1, 2025, by and among the Corporation, the Construction Monitor and the Trustee.

"Construction Monitor" means [\_\_\_\_\_] its successors and assigns.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated March \_\_, 2025, executed and delivered by the Corporation.

"Contractor" means \_\_\_\_\_, a North Carolina corporation, its successors and assigns.

"Corporation" means (a) Liberty Charter Academy, a duly organized and validly existing North Carolina nonprofit corporation; or (b) any surviving, resulting or transferee corporation, as permitted in accordance with Section 8.02 hereof.

"Corporation Documents" means this Agreement, the Deed of Trust, the DACA, the Placement Agreement, the Settlement Agreement, the Continuing Disclosure Agreement, the Development Agreement, the Collateral Assignment of Development Agreement, the Construction Disbursement Agreement, the Assignment of Project Documents, the Note and the Tax Agreement, and any amendments thereto and certificates, documents, or agreements executed in conjunction therewith.

"Cost of the Project" means the sum total of all reasonable or necessary costs incidental to the Project that may be financed pursuant to the Act.

"Days Cash on Hand" means, as of the date of calculation, the amount, expressed in number of days, of cash and unrestricted available funds on hand expressed as a multiple of the average daily cash requirements of the Corporation, as follows: (a) total unrestricted cash and investments as of such date divided by (b) (Operating Expenses for the most recent trailing twelve month period divided by 365).

"Debt Service Coverage Ratio" means, as of the last day of each Fiscal Year, the ratio of Cash Flow as of the end of such Fiscal Year to the total amount of principal and interest paid with respect to the Loan during such Fiscal Year.

"Default Rate" means 18% per annum.

"Development Agreement" means the Charter School Development Agreement dated as of \_\_\_\_\_, 2025 between the Corporation and the Developer.

"Developer" means American Charter Development, LLC, a Utah limited liability company.

"Environmental Requirements" means all present and future federal, state or local laws, regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements which apply to any actual, proposed or threatened storage, existence, release, generation, abatement, removal, disposal, handling or transportation of any Hazardous Substance from, under, into or on the Facility.

"Event of Default" means those defaults specified in Section 10.01 hereof and in Section 8.01 of the Indenture.

"Fiscal Year" means the Corporation's fiscal year, which currently begins on July 1 and ends on June 30 of the following calendar year.

"Funds" means the Bond Principal Fund, the Bond Interest Fund, the Project Fund, the Rebate Fund, and the Issuance Expense Fund.

"GAAP" means generally accepted accounting principles.

"Governmental Authority" or "Governmental Authorities" means the government of the United States of America or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of

or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank), or any arbitrator, mediator or other Person with authority to bind a party at law.

"Gross Revenue" means all income and revenues directly or indirectly derived by the Corporation from its operations, including without limitation per pupil revenues and other funding received by the Corporation; and all gifts, grants, bequests and contributions (including income and profits therefrom) to the extent not specifically restricted by the donor or maker thereof to a particular purpose inconsistent with their use.

"Hazardous Substance" means, at any time, (a) any "hazardous substance" as defined in § 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §§ 9601 et seq.) as amended at such time; and (b) any additional substances or materials which at such time are classified or considered to be hazardous or toxic under applicable federal, state or local the laws, regulations, orders, judgments, decrees, agreements, authorizations, consents, licenses, permits and other governmental restrictions and requirements which apply to the Facility; provided, however, that "Hazardous Substance" shall not include any such substances used in or resulting from the ordinary operation of the Facility or for the cleaning of the Facility if such substances are stored, handled or disposed of in compliance with all applicable environmental laws and other applicable laws and regulations.

"Indebtedness" means all indebtedness of the Corporation for borrowed moneys, or which has been incurred or assumed in connection with the acquisition of Property; all indebtedness, no matter how created, including, without limitation, the Loan, secured by Property, whether or not such indebtedness is assumed by the Corporation; any leases required to be capitalized in accordance with GAAP; installment purchase obligations; all obligations of the Corporation guaranteeing or in effect guaranteeing any indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly; and any interest rate exchange, swap or similar agreement entered into by the Corporation in conjunction with or relating to any other Indebtedness pursuant to which interest rate exchange or swap agreement the Corporation is obligated to make interest-like payment to or on behalf of another Person and that Person is obligated to make similar interest-like payments to or on behalf of the Corporation (based on a different rate of, or formula for, interest) with neither party obligated to repay any principal.

"Indemnified Parties" has the meaning ascribed to such term in Section 8.06 hereof.

"Indenture" means the Indenture of Trust, dated as of March 1, 2025, by and between the Authority and the Trustee, including any indentures supplemental thereto made in conformity therewith, pursuant to which the Bonds are authorized to be issued and secured.

"Initial Closing Memorandum" means the closing memorandum directing the deposit of the Initial Deposits into the respective accounts and delivered on the date of delivery of the Series 2025 Bonds to the Trustee and the Bondholder Representative.

"Initial Deposits" means part (a) of each of the following definitions: (i) Bond Interest Fund Initial Deposit, (ii) Issuance Expense Fund Initial Deposit, and (iii) Project Fund Initial Deposit.

"Insurance Consultant" means an independent insurance consultant and/or risk management firm or an insurance broker or an insurance agent (which may be a consultant, firm, broker or agent with whom the Corporation, the Authority or the Trustee regularly transacts business) selected by the Corporation and not objected to by the Authority or the Bondholder Representative.

"Issuance Expense Fund" means the Issuance Expense Fund created in Section 3.02 of the Indenture.

"Issuance Expense Fund Initial Deposit" means (a) with respect to the Series 2025 Bonds, the amount deposited in accordance with the Initial Closing Memorandum; and (b) with respect to any Additional Bonds an amount set forth in the any amendment to this Agreement.

"Joint Exercise Agreement" means the Amended and Restated Joint Exercise of Powers Agreement Relating to the Public Finance Authority, dated September 28, 2010 by and among Adams County, Wisconsin, Bayfield County, Wisconsin, Marathon County, Wisconsin, Waupaca County, Wisconsin and the City of Lancaster, Wisconsin, as such agreement may be amended from time to time.

"Law" or "Laws" means any treaty or any federal, regional, state and local law, statute, rule, ordinance, regulation, code, license, authorization, decision, injunction, interpretation, order or decree of any court or other Governmental Authority.

"Lien" means the lien of the Deed of Trust, and any mortgage or pledge of, security interest in, or lien or encumbrance on, any property which secures any Indebtedness or other obligation of the Corporation or which secures any obligation of any Person other than an obligation to the Corporation excluding liens applicable to property in which the Corporation has only a leasehold interest unless the lien secures Indebtedness.

"Loan" means the loan by the Authority to the Corporation of the proceeds from the sale of the Bonds pursuant to this Agreement.

"Loan Payments" means those payments required to be paid by the Corporation pursuant to Section 5.02(a) hereof.

"Management Consultant" means an independent management company specializing in finance.

"Member" means the parties to the Joint Exercise Agreement and any political subdivision that becomes a member of the Authority pursuant to the Joint Exercise Agreement.

"Net Proceeds" means, when used with respect to any insurance payment or condemnation award, the gross proceeds thereof less the expenses (including attorneys' fees) incurred in the collection of such gross proceeds.

"Net Revenue" means Gross Revenue of the Corporation less Operating Expenses of the Corporation.

"Note" means the Promissory Note dated March \_\_, 2025, executed by the Corporation to evidence its obligations under this Agreement.

"Operating Expenses" means all reasonable and necessary current expenses of the Corporation to operate a school and provide educational services, including without limitation (a) salaries and administrative expenses, (b) the cost of instructional supplies and materials, (c) insurance premiums, and (d) professional services; provided however, there shall be excluded from Operating Expenses (i) any allowance for depreciation; (ii) expenses incurred in connection with Capital Improvements; (iii) expenses paid from grants from state, federal or local sources, or from any Person, which were not included as part of Gross Revenue; (iv) other non-cash expenses or any expenses which are treated as extraordinary in accordance with GAAP; and (v) costs associated with the issuance of Indebtedness.

"Opinion of Counsel" means an opinion in writing of legal counsel, who may be counsel to the Authority, the Trustee or the Corporation.

"Permitted Encumbrance" means, as of any particular time, any of the following:

- (a) liens for taxes and special assessments on the Facility not then delinquent;
- (b) this Agreement and the Indenture;
- (c) purchase money security interests with respect to any item of equipment related to the Facility;
- (d) any leases of the Facility permitted pursuant to the terms of Section 8.11 hereof;
- (e) utility, access, and other easements and rights-of-way, mineral rights and reservations, restrictions and exceptions which would not in the aggregate (i) materially interfere with or impair any present use of the Facility or any reasonably probable future use of the Facility; or (ii) materially reduce the value which would be reasonably expected to be received for the Facility upon any sale (including any foreclosure of the Deed of Trust on the Facility);
- (f) mechanics' and materialmen's liens related to the Facility when payment of the related bill is not overdue;
- (g) mechanics' and materialmen's liens, security interests or other encumbrances related to the Facility to the extent permitted in Section 6.01 hereof;
- (h) Liens arising by reason of good faith deposits with the Corporation in connection with leases of real estate, bids or contracts (other than contracts for the payment of money), deposits by the Corporation to secure public or statutory obligations, or to secure, or in lieu of, surety, stay or appeal bonds, and deposits as security for the payment of taxes or assessments or other similar charges;
- (i) Liens arising by reason of deposits with, or the giving of any form of security to, any governmental agency as required by law or governmental regulation as a condition to any transaction or any business or the exercise of any privilege or license, or to enable the Corporation to maintain self-insurance or to participate in any funds established to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, pension or profit sharing plans or other similar social security plans, or to share in the privileges or benefits required for companies participating in such arrangements;
- (j) judgment Liens against the Corporation so long as such judgment is being contested and execution thereon is stayed or while the period for responsive pleading has not lapsed;
- (k) rights reserved to or vested in any municipality, school district or public authority by the terms of any right, power, franchise, grant, license or permit, or provision of law, affecting the Facility, to (A) terminate such right, power, franchise, grant, license or permit, provided that the exercise of such right would not materially impair the use of the Facility or materially and adversely affect the value thereof; or (B) purchase, condemn, appropriate, or recapture, or designate a purchaser of, the Facility; (i) Liens on the Facility for taxes, assessments, levies, fees, water and sewer charges, and other governmental and similar charges and any liens of mechanics, materialmen, laborers, suppliers or vendors for work or services performed or materials furnished in connection with the Facility, which are not due and payable or which are not delinquent or which are being contested in good faith or with respect to liens of mechanics, materialmen and laborers,



or have been due for less than 60 days; (ii) easements, rights of way, servitudes, restrictions and other minor defects, encumbrances and irregularities in the title to the Facility which do not materially impair the use of the Facility or materially and adversely affect the value thereof; or (iii) rights reserved to or vested in any municipality or public authority to control or regulate the Facility or to use the Facility in any manner, which rights do not materially impair the use of the Facility or materially and adversely affect the value thereof;

(l) Liens and any other restrictions, exceptions, leases, easements or encumbrances which are existing on the date of initial issuance and delivery of the Bonds as included in the title insurance required under Section 6.03(a) hereof and permitted to remain by the Trustee, provided that no such Lien (or the amount of Indebtedness secured thereby), restriction, exception, lease, easement or encumbrance may be increased, extended, renewed or modified to apply to the Facility not subject to such Lien on such date, unless such Lien as so extended, renewed or modified or otherwise qualified as a Permitted Encumbrance hereunder;

(m) Liens in favor of the Trustee on the proceeds of the Bonds prior to the applications of such proceeds;

(n) Liens securing the Bonds or any additional Indebtedness permitted by Section 8.13 hereof;

(o) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Facility and which would not in the aggregate (i) materially interfere with or impair any present use of the Facility or any reasonably probable future use of the Facility; or (ii) materially reduce the value which would be reasonably expected to be received for the Facility upon any sale (including any foreclosure of the Lien granted by the Deed of Trust); and

(p) the Lien of the Deed of Trust.

"Person" includes an individual, association, corporation, partnership, limited liability company, joint venture or a government or an agency or a political subdivision thereof.

"Pledged Revenues" mean, regardless of source, all revenues, rentals, fees, third-party payments, receipts, donations, contributions, income (including investment income) or other money received or receivable by or on behalf of the Corporation, including the rights to receive such revenues, all as calculated in accordance with GAAP, including State Payments, proceeds derived from insurance, condemnation proceeds, accounts, contract rights and other rights and assets, whether now or hereafter owned, held or possessed by the Corporation; and all gifts, grants, bequests and contributions (including income and profits therefrom) to the extent not prohibited by the terms thereof or applicable law..

"Project Fund" means the Project Fund created pursuant to Section 3.02 of the Indenture.

"Project Fund Initial Deposit" means (a) with respect to the Series 2025 Bonds, an amount equal to \$\_\_\_\_,000; and (b) with respect to any Additional Bonds, an amount set forth in the any amendment to this Agreement.

"Property" means any and all right, title and interest in and to any and all property of the Corporation whether real or personal, tangible or intangible and wherever situated and whether now owned or hereafter acquired.

"Rebate Analyst" means the entity chosen by the Corporation to determine the amount of required deposits to the Rebate Fund, if any.

"Rebate Fund" means the Rebate Fund created in Section 3.02 of the Indenture.

"Settlement Agreement" means the Settlement Agent Services Agreement dated March \_\_, 2025 among Hilltop Securities Inc., as settlement agent, the Authority, the Corporation and the Bondholder Representative.

"Sponsor" means the National League of Cities, the National Association of Counties, the Wisconsin Counties Association, the League of Wisconsin Municipalities, and any other Person that is identified by the Authority, as an organization sponsoring the Authority.

"Stabilization Date" means the Fiscal Year in which the Borrower achieves a Debt Service Coverage Ratio of not less than 1.20 and Days Cash on Hand of at least 60 Days Cash on Hand.

"State Payments" means any and all payments made to or for the benefit of the Corporation pursuant to the Charter School Act and that are permitted to be used for the purposes set forth in this Agreement.

"State Compliance Office" means the North Carolina State Board of Education, the State of North Carolina Department of Public Instruction, the State of North Carolina Office of Charter Schools, or any other body subsequently authorized by the State of North Carolina to grant, revoke, or suspend charters.

"Title Company" means Commonwealth Land Title Insurance Company.

"Trustee" means UMB Bank, n.a., Kansas City, Missouri, in its capacity as trustee, being the paying agent, the registrar and the trustee under the Indenture, or any successor corporate trustee.

## ARTICLE II

### REPRESENTATIONS

**Section 2.01** *Representations by the Authority.* The Authority represents that:

(a) The Authority is a joint powers commission under the Act, the "commission" under Section 66.0304 of the Wisconsin Statutes, and a unit of government and body corporate and politic organized and existing under the laws of the State of Wisconsin; and has full power and authority under the Act to adopt the Resolution, to enter into and to perform its obligations under the Authority Documents; and when executed and delivered by the respective parties thereto, the Authority Documents will constitute the legal, 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 and other laws relating to or affecting creditors' rights, by the application of equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitation on legal remedies against joint powers commissions or governmental units of the State of Wisconsin.

(b) By official action of the Authority prior to or concurrently herewith, the Authority has authorized and approved the execution and delivery of the Authority Documents and the consummation by the Authority of the transactions contemplated thereby.

(c) 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 against the Authority seeking to restrain or enjoin the sale or issuance of the Series 2025 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 Series 2025 Bonds, in any way contesting the validity or enforceability of the Authority Documents or contesting in any way the existence or powers of the Authority relating to the authorization, issuance and sale of the Series 2025 Bonds.

(d) The execution and delivery by the Authority of the Authority Documents and compliance with the provisions on the Authority's part contained therein will neither (A) materially conflict with or constitute a material breach of or default under any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, nor (B) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Authority Documents.

(e) The execution and delivery by the Authority of the Authority Documents and compliance with the provisions on the Authority's part contained therein will neither (A) materially conflict with or constitute a material breach of or any default under any applicable State of Wisconsin or federal law, administrative regulation, judgment or decree, nor (B) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such applicable State of Wisconsin or federal law, administrative regulation, judgment or decree, except as provided by the Authority Documents.

**Section 2.02 Representations by the Corporation.** The Corporation represents and warrants to the Authority and the Bondholder Representative that, as of the date of this Agreement and as of the date of delivery of the Bonds to the initial purchasers thereof (such representations and warranties remain operative and in full force and effect regardless of the issuance of the Bonds, and regardless of any investigations by or on behalf of the Authority or the Bondholder Representative or the results thereof):

(a) the Corporation is a nonprofit corporation duly organized and validly existing under the laws of the State of North Carolina, and has full legal right, power and authority to enter into the Corporation Documents, and to carry out all of its obligations and covenants under and consummate all transactions contemplated by the Corporation Documents;

(b) the Corporation has by proper action has duly authorized the execution and delivery of the Corporation Documents and has approved the execution and delivery of the Indenture and the issuance and sale of the Bonds;

(c) the Corporation 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;

(d) the execution and delivery of the Corporation 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 any the Corporation's articles of

incorporation, bylaws or other formation documents, applicable law or administrative rule or regulation, or any applicable court or administrative decree or order to which the Corporation is subject, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound (except those which are paid in full upon the issuance of the Bonds on the Closing Date), 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 Corporation (except the transaction contemplated by this Agreement), 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 Corporation Documents, or the financial condition, assets, properties or operations of the Corporation.

(e) the Loan and the Facility will be used by the Corporation solely to satisfy one or more of its purposes, which have been previously recognized by the Internal Revenue Service as bona fide charitable purposes;

(f) the Facility is located within the territorial limits of the City of High Point and in the County of Guilford, North Carolina; and a substantial portion of the persons to be utilizing the services to be provided at the Facility are expected to be residents of such political subdivisions and a substantial portion of the persons to be employed by the Corporation at the Facility are expected to be residents of such political subdivisions;

(g) the total Cost of the Project is hereby determined to be not less than \$\_\_\_\_\_ and the financing of such cost by the Authority will assist the Corporation in providing facilities which are expected to be leased to institutions of education;

(h) (i) this Agreement and the other Corporation Documents, when assigned to the Trustee pursuant to the Indenture, will constitute the legal, valid and binding agreements of the Corporation enforceable against the Corporation in accordance with their terms, including, without limitation, by the Trustee for the benefit of the Beneficial Owners of the Bonds, and (ii) the agreements, obligations, and undertakings of the Corporation in respect of the Unassigned Rights constitute the legal, valid, and binding agreements of the Corporation enforceable against the Corporation (A) by the Authority in its own right, or (B) in the case of the rights of any Authority Indemnified Person (including, without limitation, the right of any Authority Indemnified Person to indemnification and immunity from liability), by such Authority Indemnified Person in his, her or its own right in accordance with their respective terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights or the collection of creditors' obligations generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity, by public policy and by general principles of commercial reasonableness and good faith to the extent required by applicable law;

(i) no written information, exhibit or report furnished to the Authority or the Bondholder Representative by the Corporation in its application for financing or by the Corporation or its representatives in connection with the negotiation of this Agreement or the other Corporation Documents, regardless of whether the Authority or the Bondholder Representative is a party thereto (including, without limitation, any financial statements, whether audited or unaudited, and any other financial information provided in connection therewith) 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;

(j) the Loan Payments due under this Agreement are in an amount sufficient to pay the principal of and premium, if any, and interest on the Series 2025 Bonds; and this Agreement requires the Corporation to pay or provide for the payment of all costs of maintenance, repair, taxes, payments in lieu of taxes, assessments, insurance premiums, trustee's fees and all other expenses relating to the Facility, so that the Authority will not incur any expenses on account of the Facility, other than those that are covered by the payments by the Corporation provided for herein;

(k) neither the Corporation nor, to the knowledge of the Corporation, any other Person has ever caused or permitted any Hazardous Substance to be placed, held, located or disposed of on, under or at the Facility or any part thereof. Except as described in writing to the Trustee and the Bondholder Representative, to the knowledge of the Corporation, the Facility has not previously contained and does not contain any underground storage tanks other than in compliance with all applicable Environmental Requirements and has never been used by the Corporation or, to the knowledge of the Corporation, by any other Person, as a temporary or permanent storage or disposal site for any Hazardous Substance, other than any Hazardous Substance of types and quantities customarily associated with the operation of a public school;

(l) there are no actions, suits or proceedings or investigations pending or, to the best of the knowledge of the officer executing this Agreement, threatened against the Corporation or the Property of the Corporation, or involving the enforceability of the Series 2025 Bonds, the Corporation Documents or the Indenture, or the priority of the lien on Gross Revenues created hereby, at law or in equity, or before or by any Governmental Authority, except actions which, if adversely determined, would not materially impair the ability of the Corporation to perform its obligations under the Corporation Documents, and to cause to be paid any amounts which may become payable under the Corporation Documents. The Corporation is not in default in any material respect under any mortgage, deed of trust, lease, loan or credit agreement, partnership agreement or other instrument to which the Corporation is a party or by which it is bound;

(m) no notice of taking by eminent domain or condemnation of any part of the Facility has been received, and the Corporation has no knowledge that any such proceeding is contemplated; and

(n) no part of the Facility has been damaged as a result of any fire, explosion, accident, flood or other casualty which is not now fully restored.

**Section 2.03 Covenants of the Corporation.** The Corporation hereby covenants as follows:

(a) the Corporation will comply with all applicable Environmental Requirements at the Facility;

(b) the Corporation is currently in compliance with and in the future will comply with all applicable federal and state nondiscrimination laws; and

(c) the Corporation shall not use (or permit the use of) any proceeds of the Series 2025 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 a state or local governmental entity or an organization described in Section 501(c)(3) or in any unrelated trade or business as defined in Section 513(a) of the Code of an organization described in Section 501(c)(3) or permit the direct or indirect loan of any such proceeds, income, or property to any person other than a state or local governmental entity or an organization described in Section 501(c)(3) or to any person that is an organization described in Section 501(c)(3) 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 Series 2025 Bond proceeds of other uses characterized as private business use pursuant to the Tax Agreement and this Agreement, exceeds 5% of the proceeds of the Series 2025 Bonds.

### ARTICLE III

#### TERM OF THE AGREEMENT

This Agreement shall remain in full force and effect from the date of delivery hereof until such time as all the Loan and any other amounts represented by the Indebtedness of the Bonds and/or any other amounts due under the Deed of Trust shall have been fully paid in full or provision is made for such payment pursuant to the Indenture and all necessary fees and expenses of the Trustee accrued and to accrue through final payment of the Bonds, all fees and expenses of the Authority accrued and to accrue through final payment of the Bonds and all other liabilities of the Corporation accrued and to accrue through final payment of the Bonds under this Agreement and the Indenture have been paid or provision is made for such payments pursuant to the Indenture; provided, however, notwithstanding any other provision hereof, (a) the indemnification provision of Section 8.06 hereof shall survive after the termination of the term of this Agreement; (b) all agreements, representations and certifications by the Corporation as to the exclusion from gross income of interest for federal income tax purposes on the Bonds, the interest on which is excluded from gross income for federal income tax purposes, shall survive termination of the term hereof until the expiration of statutes of limitation applicable to the liability of the Beneficial Owners of the Bonds for federal and state income taxes with respect to interest on the Bonds; and (c) upon the defeasance of the Indenture, all such indemnification provisions shall be enforceable by the Indemnified Parties, and all such agreements, representations and certifications regarding the exclusion from gross income of interest for federal income tax purposes on the Outstanding Bonds, the interest on which is excluded from gross income for federal income tax purposes, shall be enforceable by the Beneficial Owners of the Bonds, or by the Bondholder Representative on behalf of the Beneficial Owners, directly against the Corporation.

### ARTICLE IV

#### THE PROJECT; ISSUANCE OF THE SERIES 2025 BONDS

**Section 4.01 Agreement to Issue Series 2025 Bonds; Application of Series 2025 Bond Proceeds and Other Moneys.** In order to provide funds to make the Loan for payment of the Cost of the Project, subject to Section 3.07 of the Indenture, the Authority will sell and the Bondholder Representative will cause the initial purchasers to purchase the Series 2025 Bonds and will make such Loan and direct the Trustee to disburse the proceeds of the Series 2025 Bonds in the amount of up to \$\$[XXX,XXX,XXX] (consisting of the par amount of the Series 2025 Bonds in the amount of up to \$[XXX,XXX,XXX], less original issue discount of up to \$\$[XXX,XXX,XXX]), as follows:

- (a) on the date of the Initial Advance and the initial delivery of the Series 2025 Bonds:
  - (i) \$\_\_\_\_\_ to the Title Company, the amount delivered in accordance with the Initial Closing Memorandum to be used for acquisition of the existing Facility;
  - (ii) \$\_\_\_\_\_ to the Project Fund, an amount equal to the Project Fund Initial Deposit to be used for remaining costs of the Project;

(iii) \$\_\_\_\_\_ into the Issuance Expense Fund, an amount equal to the Issuance Expense Fund Initial Deposit to be used for payment of issuance expenses of the Series 2025 Bonds;

(iv) \$\_\_\_\_\_ into the Bond Interest Fund, an amount equal to the Bond Interest Fund Initial Deposit (representing capitalized interest); and

(b) on the date any subsequent Advance is made: in accordance with the instructions set forth in the Request for Advance which shall be substantially in the form of Exhibit E to the Indenture.

**Section 4.02 Reserved.**

**Section 4.03 Disbursements from the Project Fund.** The Authority has, in the Indenture, authorized and directed the Trustee to disburse the Loan moneys in the Project Fund to or on behalf of the Corporation for the Cost of the Project upon receipt by the Trustee of a completed requisition, in the form attached as Exhibit A to the Construction Disbursement Agreement, signed by the Authorized Representative of the Corporation and approved by the Construction Monitor and the Bondholder Representative. The Trustee may rely conclusively on any such requisition and shall not be required to make any independent investigation in connection therewith.

No requisition will be approved by the Bondholder Representative unless the Corporation has satisfied the requirements of the Construction Monitor Agreement.

Subject and in addition to the disbursement limitations otherwise provided in this Agreement, the final requisition immediately preceding completion of the Project shall not be approved by the Bondholder Representative unless Corporation has satisfied the requirements of the Construction Disbursement Agreement.

The Completion Date of the Project shall be evidenced to the Trustee and the Bondholder Representative by the furnishing of the Completion Certificate by the Corporation. The Trustee may rely conclusively on any such certificate and shall not be required to make any independent investigation in connection therewith.

Any Loan moneys (including investment proceeds) remaining in the Project Fund on the date of the Completion Certificate may be used, at the direction of the Authorized Representative of the Corporation, to the extent indicated, for the payment, in accordance with the provisions of this Agreement, of any Cost of the Project not theretofore paid, as specified in the Completion Certificate.

Any Loan moneys (including investment proceeds) remaining in the Project Fund on the date of receipt of the Completion Certificate and not set aside for the payment of the Cost of the Project related to the Facility as specified above shall on such date be deposited by the Trustee in the Bond Interest Fund or the Bond Principal Fund upon the written direction of an Authorized Representative of the Corporation to be used to pay the principal of and interest on the Series 2025 Bonds.

**Section 4.04 Corporation Responsible for any Insufficiency in Project Fund.** In the event the Loan moneys in the Project Fund available for payment of the Cost of the Project should not be sufficient to pay the costs thereof in full, the Corporation will pay or deposit in the Project Fund moneys sufficient to pay the Cost of the Project as may be in excess of the moneys available therefor in the Project Fund. NEITHER THE AUTHORITY NOR THE TRUSTEE NOR THE BONDHOLDER REPRESENTATIVE NOR THE BENEFICIAL OWNERS MAKE ANY WARRANTY, EITHER EXPRESS OR IMPLIED

(1) THAT THE MONEYS WHICH WILL BE PAID INTO THE PROJECT FUND AND WHICH, UNDER THE PROVISIONS OF THIS AGREEMENT, WILL BE AVAILABLE FOR PAYMENT OF THE COST OF THE PROJECT, WILL BE SUFFICIENT TO PAY ALL THE COSTS WHICH WILL BE INCURRED THEREFOR; OR (2) AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE FACILITY OR THAT THE FACILITY IS OR WILL BE SUITABLE FOR THE CORPORATION'S PURPOSES OR NEEDS. The Corporation agrees that if after exhaustion of the moneys in the Project Fund or otherwise the Corporation should pay or deposit moneys in the Project Fund for the payment of any portion of the Cost of the Project pursuant to the provisions of this Section it shall not be entitled to any reimbursement therefor from the Authority or from the Trustee or from the Registered Owners or from the Bondholder Representative or from Beneficial Owners of the Series 2025 Bonds, nor shall it be entitled to any diminution of the Loan Payments, or other amounts required to be paid under this Agreement.

**Section 4.05 Disbursements from the Issuance Expense Fund.** The Authority has, in the Indenture, authorized and directed the Trustee to make payments from the Issuance Expense Fund for the payment of issuance expenses as provided in this Section. Payments shall be made from the Issuance Expense Fund only for paying the costs of legal, accounting, organization, marketing, title, closing costs, recording fees, or other special services and other fees and expenses, incurred or to be incurred by or on behalf of the Authority, the Trustee or the Corporation in connection with the issuance of the Bonds. Neither the Authority nor the Trustee make any warranty either express or implied that the moneys in the Issuance Expense Fund available for payment of the foregoing costs will be sufficient to pay such costs in full, and the Corporation agrees to pay that portion of such costs in excess of the amount in the Issuance Expense Fund from any moneys legally available for such purpose. The Corporation shall not be entitled as a result of paying a portion of the issuance expenses pursuant to this Section to any reimbursement therefor from the Authority, the Trustee, the Beneficial Owners or the Bondholder Representative, nor shall it be entitled to any diminution in or postponement of the Loan Payments or other amounts required to be paid under this Agreement. With respect to the Series 2025 Bonds, the Trustee shall make payments from the Issuance Expense Fund in accordance with the closing memo prepared by the placement agent for the Series 2025 Bonds dated as of the Closing Date and delivered to the Trustee. The Trustee may also disburse funds from the Issuance Expense Fund for any other payments to be made from such fund upon receipt of a written request signed by an Authorized Representative of the Corporation and approved by the Bondholder Representative. The Trustee may conclusively rely on as to the completeness and accuracy of all statements in such requisition if such requisition is signed by an Authorized Representative of the Corporation and approved by the Bondholder Representative, and the Trustee shall not be required to make an independent investigation in connection therewith. The Corporation will provide a copy of each Payee's Form W-9 or Form W-8, as applicable (unless previously provided). The Corporation further acknowledges the Trustee cannot process such disbursement request until the Trustee is in receipt of a valid Form W-9 or Form W-8, as applicable, in accordance with Internal Revenue Service regulations and the Foreign Account Tax Compliance Act.

**Section 4.06 Reserved.**

**Section 4.07 Reserved.**

**Section 4.08 Closing Expenses.** In addition to and without in any way limiting the Corporation's obligations to pay and indemnify the Authority and the Authority Indemnified Persons against fees, costs and charges arising out of or in connection with this Agreement, the other Corporation Documents, the Bonds or the Indenture, the Corporation shall pay, or cause to be paid from the Issuance Expense Fund, upon the closing of the issuance of the Bonds and as a condition thereto: (i) to the Authority the Authority's issuance fee equal to the greater of (a) **[\$15,000 or (b) 0.20% (20 bps)]** times the par amount

**Commented [1]:** If over \$20M

Change to \$40,000 plus 0.05% over \$20M



of the Bonds (less, if applicable, any application fee heretofore paid by the Corporation to the Authority); and (ii) attorneys' fees incurred by the Authority in connection with the issuance of the Bonds.

**Section 4.09 Investment of Moneys.** Any Loan moneys held as a part of the Funds shall be invested, reinvested and transferred to other Funds by the Trustee as provided in Article VI of the Indenture, at the written direction of the Corporation. In addition, the Corporation covenants that any money held as a part of the Funds shall be invested in compliance with the procedures established by the Tax Agreement to the extent required to comply with its covenants contained in Section 4.09 hereof. The Corporation shall provide to the Trustee at least every five years from the date of issuance of the Bonds, as provided in the Tax Agreement, a certificate of an Authorized Representative of the Corporation to the effect that (a) all requirements of the Agreement, the Indenture and the Tax Agreement with respect to the Rebate Fund have been met on a continuing basis; (b) the proper amounts have been and are on deposit in the Rebate Fund; and (c) timely payment of all amounts due and owing to the United States Treasury have been made. If the certifications required by either (b) or (c) above cannot be made, the certificate shall so state and shall be accompanied by either money of the Corporation together with a direction to the Trustee to either deposit such money to the Rebate Fund or to pay such money over to the United States Treasury, as appropriate, or written directions to the Trustee to transfer investment income available in any Fund to the Rebate Fund or to the United States Treasury, as appropriate. The Corporation acknowledges the provisions of Section 6.03 of the Indenture which limit the amount of money to be so transferred from the Funds at its direction.

If the certificate described in the preceding paragraph is not delivered to the Trustee within 30 days following each computation date as provided in the Tax Agreement, during the term of this Agreement, the Trustee shall provide the Authority with written notice of such failure to receive such certificate. The Trustee shall transfer moneys from other Funds as provided in Section 3.14 of the Indenture to the Rebate Fund or the United States Treasury if directed by the Rebate Analyst of the Corporation.

**Section 4.10 Tax Covenant.** The Corporation covenants for the benefit of the Authority and the Beneficial Owners of the Bonds, and their respective successors and assigns, that so long as any of the Bonds bear interest at a Tax-Exempt Rate, it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the Corporation or any of the Property of the Corporation, including the Facility, if such action or omission (a) would cause the interest on such Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code; or (b) would cause interest on such Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds bearing interest at a Tax-Exempt Rate until the expiration of statutes of limitations applicable to the liability of the Beneficial Owners of such Bonds for federal income taxes with respect to interest on such Bonds.

The Corporation further covenants, represents and warrants that following the execution and delivery of such Bonds, the procedures set forth in the Tax Agreement implementing the above covenant shall be complied with to the extent necessary under the Code to maintain the exclusion from gross income of interest for federal income tax purposes on the Bonds bearing interest at a Tax-Exempt Rate (except to the extent noted in the preceding paragraph), or to avoid the application of any penalties under the Code, subject to any applicable statute of limitations. The Corporation shall appoint a Rebate Analyst and any successor Rebate Analyst for such Bonds, subject to the conditions set forth in Sections 4.02 and 4.06 of the Tax Agreement.

## ARTICLE V

### DEED OF TRUST AND SECURITY PROVISIONS; PROVISIONS FOR PAYMENT

**Section 5.01 Deed of Trust and Security Agreement Provisions; Evidence of Loan Indebtedness.** In order to secure the payment of the Loan and the payment of all other amounts payable hereunder and under the Deed of Trust and to secure the performance by the Corporation of all the covenants expressed or implied by this Agreement and the documents and instruments executed in connection herewith:

(a) the Corporation shall execute and deliver the Deed of Trust concurrently with this Agreement;

(b) the Deed of Trust shall secure the Loan and all obligations hereunder in a first lien security position for the benefit of the Trustee and its successors and assigns, subject only to Permitted Encumbrances;

(c) the Corporation does hereby pledge to and grant to the Trustee a present security interest, within the meaning of the North Carolina Uniform Commercial Code and to the extent permitted by law, in all personal property, materials, equipment, fixtures or other property now owned or hereafter to be acquired, all accounts, escrows, documents, instruments, chattel paper, claims, deposits and general intangibles, as the foregoing terms are defined in the North Carolina Uniform Commercial Code, and all contract rights, franchises, books, contracts, certificates, records, plans, specifications, permits, licenses (to the extent assignable), approvals, actions, and causes of action now owned or hereafter acquired (hereinafter collectively called the "Intangibles"), insurance proceeds and all renewals or replacements of or substitutions for any of the foregoing and together with and including Pledged Revenues and all the proceeds thereof, subject to Permitted Encumbrances, and all of the Corporation's right, title and interest, if any, in the Funds (other than the Rebate Fund) and in any trust accounts referred to in this Agreement or the Indenture (subject to Permitted Encumbrances); and

(d) the Liens of this Agreement and the Deed of Trust shall apply to all property related to the Land or the Facility acquired by the Corporation after the date of this Agreement which by the terms of this Agreement shall be subject to the Lien and/or the security interests created hereby or by the Deed of Trust, shall immediately upon the acquisition thereof by the Corporation and without further mortgage, encumbrance, conveyance, or assignment become subject to the Lien and security interests created by this Agreement, the Deed of Trust and any and all other documents and instruments delivered in connection therewith, including, without limitation, any Uniform Commercial Code Financing Statements. Nevertheless, the Corporation shall execute, acknowledge, deliver and record or file, as appropriate, all and every such further mortgages, deeds of trust, security agreements, financing statements and assurances as the Authority or the Trustee shall require for accomplishing the purposes of this Agreement. Failure of the Corporation to execute and deliver such requested documents shall be deemed a default hereunder and the Trustee and its successors and assigns, as the assignee hereunder and beneficiary under the Deed of Trust is hereby given the express authority to file any and all such financing statements, amendments and documents necessary to confirm the agreements set forth herein, which grant is coupled with an interest and is non-revocable (provided that the Trustee does not assume any duty with regard thereto).

Notwithstanding subsections (a), (b), (c) and (d) above, the Trustee shall terminate and release the Deed of Trust and the security interests granted, sold, bargained or conveyed unto the Authority and/or the Trustee when the Loan has been paid in full and the Bonds secured hereby and thereby are no longer Outstanding and all obligations under the Indenture and this Agreement have been satisfied.

This Agreement and the pledge hereunder shall be valid and binding from the date of the issuance of the Bonds evidencing the funding of the Loan under this Agreement. To the extent any property covered by this Agreement consists of personal property, intangible interests or any right or interest, the perfection of which is governed by the North Carolina Uniform Commercial Code, this Agreement constitutes a security agreement and financing statement and is intended when recorded or when the Deed of Trust is recorded and/or any Uniform Commercial Code Financing Statements are recorded, as and where required, to create a perfected security interest (to the extent that such security interest can be perfected by filing) in such property in favor of the Trustee.

***Section 5.02 Loan Payments and Other Amounts Payable; Limited Payment Obligations of Corporation.***

(a) The Corporation shall pay (or cause to be paid) as repayment of the Loan until the principal of, premium, if any, and interest on the Bonds (and any other sums due hereunder) shall have been paid or provision for the payment thereof shall have been made in accordance with the Indenture, (i) into the Bond Interest Fund on or before the business day preceding the first day of each month during the term of this Agreement, commencing [May 1, 2025], an amount (after taking into account any accrued and capitalized interest, if any, contained in the Bond Interest Fund) sufficient to pay 100% of the interest that will become due on the Series 2025 Bonds on the next succeeding interest payment date; and (ii) into the Bond Principal Fund on or before the 5th business day preceding \_\_\_\_\_, 2035, an amount sufficient to pay 100% of the principal which shall become due on the Series 2025 Bonds on the next succeeding principal payment date (whether at maturity, upon sinking fund redemption or otherwise); provided, however, that any amount in the Bond Interest Fund or the Bond Principal Fund in excess of the aggregate amount required to be held pursuant to this Section 5.02(a) shall be credited against the next succeeding Loan Payment due or otherwise transferred by the Trustee in accordance with the terms of the Indenture. If by five (5) business days prior to any principal or interest payment date on the Bonds or the date any other amounts are payable on the Bonds, the amount held by the Trustee in the Bond Principal Fund and the Bond Interest Fund is insufficient to make the required payments of principal of, premium, if any, and interest on the Bonds, the Corporation shall upon notice of such deficiency from the Trustee forthwith pay or cause to be paid such deficiency as repayment of the Loan for deposit into the Bond Principal Fund or the Bond Interest Fund, as the case may be. All amounts deposited by the Trustee to the Bond Principal Fund or the Bond Interest Fund shall be credited by the Trustee against the next succeeding Loan Payment due.

**Commented [2]:** Per term sheet, bonds are interest only for 10 years

(b) Reserved.

(c) The Corporation shall pay or provide for the payment of all taxes and assessments, general or special, concerning or in any way related to the Facility or any part thereof, during the term of this Agreement and any other governmental charges and impositions whatsoever, and all utility and other charges and assessments, in the manner, at the times and under the conditions more specifically provided in Section 6.02 hereof.

(d) The Corporation agrees to pay or cause to be paid to the Trustee the necessary fees and expenses of the Trustee (as provided by Section 9.02 of the Indenture), including its attorney fees and expenses, as and when the same become due, upon submission of a statement therefor.

(e) The Corporation shall pay or cause to be paid to the Trustee for deposit to the Rebate Fund all amounts required to be paid pursuant to the Tax Agreement at the times and in the manner specified therein.

(f) The Corporation agrees to pay or cause to be paid any Additional Payments due to the Authority, the Trustee or the Bondholder Representative, as the case may be. Such Additional Payments shall be billed to the Corporation by the Authority, the Trustee or the Bondholder Representative from time to time, together with a statement certifying that the amount billed has been incurred or paid by the Authority, the Trustee or the Bondholder Representative, as applicable, for one or more of the above items. After such a demand, amounts so billed shall be paid by the Corporation within thirty (30) days after receipt of the bill by the Corporation. Notwithstanding the foregoing, the Authority may, but shall not be required to submit a bill to the Corporation for payment of the Annual Fee, which shall be paid by the Corporation to the Authority in semiannual installments on the six (6)-month anniversary of the Closing Date and subsequently on the same day every sixth (6th) month thereafter (or such other semiannual dates as are specified by the Authority). The amount of each semiannual payment shall be in an amount determined by multiplying (i) the principal amount of Bonds Outstanding as of the last day of the calendar month preceding the installment payment due date by (ii) [0.03 percent (3 basis points)] by (iii) one-half (1/2). If applicable, the amount of the Annual Fee for the first and last periods shall be prorated. Any invoice furnished to the Corporation by the Authority or the Trustee pursuant to this Section 5.02(f) shall be deemed to constitute a written notice under Section 10.01(d) sufficient to cause the 30-day period specified in said Section 10.01(d) to commence.

In the event the Corporation should fail to make or cause to be made any of the payments required by this Section, the item or installment in default shall continue as an obligation of the Corporation until the amount in default shall have been fully paid, and the Corporation agrees to pay the same and, with respect to the payments required by subsections (a), (e) and (f) of Section 5.02 hereof, to pay interest at the Default Rate.

Notwithstanding any other provision of this Agreement, all payments required to be made by the Corporation pursuant to this Agreement, other than paragraphs (e) and (f) of this Section and the indemnification provisions of Sections 8.06 and 10.04 hereof, which are general obligations of the Corporation, are limited, special obligations of the Corporation payable, including upon an Event of Default, solely from the Pledged Revenues or from amounts received from the foreclosure of the Deed of Trust and the exercise of any rights herein by the holder hereof as against any other personal property in which a security interest is granted by this Agreement as provided in Section 10.06 hereof and which grant is perfected and secured by a Uniform Commercial Code Financing Statement.

**Section 5.03 Payees of Payments.** The Loan Payments provided for in Section 5.02(a) hereof shall be paid in funds immediately available in the city in which the principal office of the Trustee is located or at such other location as the Trustee shall direct, directly to the Trustee for the account of the Authority and shall be deposited into the Bond Principal Fund or the Bond Interest Fund as appropriate. The payments provided for in Section 5.02(c) hereof shall be paid to the persons to whom due. The payments to be made to the Trustee under Section 5.02(d) hereof shall be paid directly to the Trustee for its own use. The payments provided for in Section 5.02(e) hereof shall be paid to the Trustee and deposited into the Rebate Fund. The payments to be made to the Authority under Section 5.02(f) hereof shall be paid directly to the Authority for its own use.

**Section 5.04 Obligations of Corporation Hereunder Unconditional.** Except as provided herein (including the last paragraph of Section 5.02 and Section 10.06 hereof), the obligations of the Corporation to make the payments required hereunder and to perform and observe the other agreements on its part

contained herein shall be absolute and unconditional. The Corporation (a) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for herein; (b) will perform and observe all of its other agreements contained in this Agreement; and (c) except as provided in Article XI hereof, will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure to complete the Project, failure of consideration, eviction or constructive eviction, destruction of or damage to the Facility, commercial frustration of purpose, or change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State of North Carolina or any political subdivision of either, any failure of the Authority to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement, whether express or implied, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, whether express or implied. The Corporation may at its own cost and expense and in its own name or in the name of the Authority (without any cost or expense to the Authority and with the Authority's prior written consent, but without any further action required by the Authority), prosecute or defend any action or proceeding or take any other action involving third persons which the Corporation deems reasonably necessary in order to secure or protect its or its lessees' rights of possession, occupancy and use of the Facility; provided, however, that any such prosecution, defense or action taken by the Corporation in the name of the Authority shall not preclude or prohibit in any way the Authority from prosecuting, defending, joining or intervening in such action or proceedings, or taking any other action it deems necessary, in its own name and of its own accord.

## ARTICLE VI

### MAINTENANCE, TAXES AND INSURANCE

**Section 6.01 Maintenance and Modifications of Facility by Corporation.** The Corporation agrees that during the term of this Agreement, the Facility shall be operated and maintained in substantial compliance with all governmental laws, building codes, ordinances, and regulations and zoning laws as shall be applicable to such Facility. The Corporation agrees that during the term of this Agreement it will (a) keep the Facility in as reasonably safe condition as the operations at the Facility permit; and (b) keep the Facility in good repair and in good operating condition, making from time to time all necessary repairs thereto (including external and structural repairs) and renewals and replacements thereof. The Corporation may dispose of portions of the Facility that the Corporation determines to be obsolete or not useful to operations of the Facility; provided, however, there is not currently an Event of Default and such disposition will not materially impact the ability of the Corporation to make payments under this Agreement. The Corporation will comply with Section 8.11 hereof and Section 6.1 of the Deed of Trust in making such disposition. The Corporation may, also at its own expense, make from time to time any additions, modifications or improvements to the Facility it may deem desirable for its purposes that do not substantially reduce its value; provided that all such additions, modifications and improvements made by the Corporation which are affixed to the Facility shall become a part of the Facility. The Corporation will not permit any Liens, security interests or other encumbrances other than Permitted Encumbrances to be established or to remain against the Facility for labor or materials furnished in connection with the Project or any additions, modifications, improvements, repairs, renewals or replacements made by it to the Facility; provided that if the Corporation first notifies the Trustee in writing of its intention to do so, and, if the Corporation posts a bond with the Trustee in form satisfactory to the Trustee and Bondholder Representative, the Corporation may in good faith contest any mechanics' or other liens filed or established against the Facility and in such event may permit the items contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Facility or any part thereof will be subject to loss or forfeiture, in which event the Corporation shall promptly pay and cause to be satisfied and discharged all such unpaid items. The Trustee will, at the expense of the Corporation, cooperate fully with the Corporation in any such contest. In the event that the Corporation shall fail to pay any of the foregoing

items required by this Section to be paid by the Corporation, the Trustee may (but shall be under no obligation to) pay the same, and any amounts so advanced therefor by the Trustee shall become an additional obligation of the Corporation under this Agreement to the one making the advance, which amount the Corporation agrees to pay on demand together with interest thereon at the Default Rate, but solely from the Pledged Revenues; provided, however, that any expenses resulting from cooperation by the Trustee in any such contest as required by the preceding sentence shall be immediately paid or reimbursed directly by the Corporation, and any failure by the Corporation to pay or reimburse such expenses shall not constitute an advance by or an obligation of the Trustee to pay such expenses.

**Section 6.02 Taxes, Other Governmental Charges and Utility Charges.** The Corporation will pay promptly, as the same become due, (a) all taxes and governmental charges of any kind whatsoever or payments in lieu of taxes that may at any time be lawfully assessed or levied against or with respect to the Facility or any interest therein, or any machinery, equipment, or other property installed or brought by the Corporation therein or thereon which, if not paid, will become a lien on the Facility or a charge on the Pledged Revenues prior to or on a parity with the charge thereon under this Agreement; (b) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Facility; and (c) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Facility provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Corporation shall be obligated to pay only such installments as may have become due during the term of this Agreement.

The Corporation may, at its expense, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges contested to remain unpaid during the period of such contest and any appeal therefrom unless in the opinion of the Trustee upon the advice of counsel the Facility shall be subject to loss or forfeiture, in which case such taxes, assessments or charges shall be paid promptly or secured by posting a bond with the Trustee in form satisfactory to the Trustee. The Trustee at the expense of the Corporation, shall cooperate fully with the Corporation in any such contest. In the event that the Corporation shall fail to pay any of the foregoing items required by this Section to be paid by the Corporation, the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Trustee shall become an additional obligation of the Corporation payable solely from the Pledged Revenues to the one making the advance, which amount the Corporation agrees to pay on demand together with interest thereon at the Default Rate; provided, however, that any expenses resulting from cooperation by the Trustee in any such contest as required by the preceding sentence shall be immediately paid or reimbursed directly by the Corporation, and any failure by the Corporation to pay or reimburse such expenses shall not constitute an advance by or an obligation of the Trustee to pay such expenses.

**Section 6.03 Insurance Required.** Throughout the term of this Agreement, the Corporation shall keep the Facility continuously insured as follows, paying as the same become due and payable all premiums with respect thereto:

- (a) an ALTA mortgagee title insurance policy naming the Trustee as an insured in an amount equal to the lesser of (i) the principal amount of the Loan represented by the Bonds (if available in that amount) plus any other amounts specified to be due hereunder or (ii) the insurable value of the Facility;
- (b) insurance against loss or damage to the Facility and all improvements therein (including, during any period of time when the Corporation is making alterations, repairs or improvements to the Facility, improvements and betterment's coverage), naming the Trustee as an additional insured, all subject to standard form exclusions, with uniform standard extended coverage endorsement limited only as may be provided in the standard form of extended coverage

endorsement at the time in use in the State, in an amount equal to the greater of the full replacement value of the Building once constructed or the aggregate principal amount of the Bonds then Outstanding, unless the insurable value is less than the aggregate principal amount of the Bonds Outstanding, in which event in an amount equal to the full replacement value of the Building;

(c) commercial general liability and automobile liability insurance against claims arising in, on or about the Facility, including in, on or about the sidewalks or premises adjacent to the Facility, providing coverage limits not less than the coverage limits customarily carried by owners or operators of facilities of similar size and character within the State of North Carolina and listing the Trustee as an additional insured thereunder;

(d) fidelity insurance or bonds on those of its officers and employees who handle funds of the Corporation or crime coverage that provides for theft of money or securities, both in such amounts and to such extent as are customarily carried by organizations similar to the Corporation and operating properties similar in size and character to the facilities of the Corporation;

(e) to the extent available for a commercially reasonable cost, business interruption insurance covering all risks as to which insurance is required pursuant to (b) above, in an amount equal to not less than the amounts required to be paid pursuant to Section 5.02(a) hereof for a period of not less than 12 months to the extent commercially reasonable. If any such loss or damage has occurred, the Corporation shall continue to be obligated to pay the amounts required to be paid pursuant to Section 5.02(a) hereof, and any proceeds of such insurance shall be applied against all or part of such payment obligations of the Corporation; and

(f) such other forms of insurance as the Corporation is required by law to provide with respect to the Facility, including, without limitation, any legally required worker's compensation insurance and disability benefits insurance.

All the insurance coverage required by this Section may be subject to deductible clauses in such amounts as are customary for facilities of similar size and character within the State. At least every two years from January 1, 2026 the Corporation shall employ (or cause to be employed), at its expense, an Insurance Consultant to review the insurance coverage required by this Section and to render to the Trustee, the Bondholder Representative and the Corporation a report as to the adequacy of such coverage and as to its recommendations, if any, for adjustments thereto. The Trustee may conclusively rely upon the Insurance Consultant's evaluation and report as to the adequacy of the required insurance policies. The insurance coverage provided by this Section may be reduced or otherwise adjusted by the Corporation without the prior written consent of the Trustee or the Authority, provided that all coverages after such reduction or other adjustment are certified by the Insurance Consultant to be adequate and customary for facilities of like size and type, taking into account the availability of such insurance, the terms upon which such insurance is available, the cost of such available insurance and the effect of such terms and such cost upon the Corporation's fees, rentals and charges for the use of the Facility.

The insurance coverage provided by this Section shall be increased or otherwise adjusted by the Corporation if as a result of such review the Insurance Consultant finds that the existing coverage is inadequate, taking into account the availability of such insurance, the terms upon which such insurance is available, the cost of such available insurance, and the effect of such terms and such cost upon the Corporation's costs and charges for its services. The insurance coverage required by this Section, and modification thereof permitted or required by this paragraph, shall at all times be adequate and customary for facilities of like size and type, and the Insurance Consultant shall so certify in the report required by this paragraph. Anything herein to the contrary notwithstanding, the Corporation is permitted to become self-insured for all or any part of the foregoing requirements other than with respect to the insurance required



by subsection (b) of this Section), or to satisfy any or all of such requirements through the Corporation's self-insurance, if the Trustee has received a written evaluation with respect to such self-insurance programs from a nationally recognized Insurance Consultant stating that such self-insurance is consistent with sound risk management policies. The Corporation shall pay any fees charged by such nationally recognized Insurance Consultant. If applicable, the Corporation's self-insurance existing on the date of delivery of this Agreement may continue without evidence of compliance with the above requirements unless the periodic report of the Insurance Consultant required by this Section states that such self-insurance is not consistent with sound risk management. If the Corporation is self-insured, the Trustee and the Authority shall be included as insureds under the self-insurance trust agreement.

All policies maintained (or caused to be maintained) by the Corporation pursuant to this Section shall be taken out and maintained in generally recognized, responsible insurance companies, which may include "captive" insurance companies or governmental insurance pools, selected by the Corporation. The insurance policies required by subsections (a), (b) and (e) of this Section shall name the Trustee, the Authority and the Corporation as insureds as their respective interests may appear (provided that with respect to insurance maintained pursuant to subsections (a), (b) and (e) of this Section, the Trustee shall also be named as a mortgagee and loss payee under the terms of a standard North Carolina mortgagee loss payable endorsement), and the Trustee and the Authority shall also be named as an additional insured on the policy required by subsection (c) of this Section, and, provided further that all insurance proceeds for losses, and except for worker's compensation, fidelity insurance and liability insurance, shall be paid directly to the Trustee. Such policies or certificates of insurance shall provide that (except as to insurance required pursuant to subsections (a), (d) and (f) of this Section) the insurer will endeavor to mail 30 days' written notice to the Trustee of any cancellation prior to expiration of such policy.

The Corporation shall deliver to the Trustee (a) upon the commencement of the term of this Agreement, a certificate of the Corporation confirming it has obtained all insurance policies which the Corporation is then required to maintain pursuant to this Section; (b) at least 10 days prior to the expiration of any such policies a certificate of the Corporation confirming as to the renewal thereof, if then required by this Section; and (c) promptly upon request by the Authority or the Trustee, but in any case within 180 days after the end of each fiscal year, a certificate of an Authorized Representative of the Corporation setting forth the types and coverage as to all insurance policies maintained by the Corporation, required pursuant to this Section and certifying that such insurance policies are in full force and effect, that such policies comply with the provisions of this Section and that all premiums then due thereon have been paid.

**Section 6.04 Application of Net Proceeds of Insurance.** The Net Proceeds of the insurance carried pursuant to subsection (a) of Section 6.03 hereof shall be applied as provided in Section 7.02 hereof and Section 3.18 of the Indenture. The Net Proceeds of the insurance carried pursuant to subsection (b) of Section 6.03 hereof shall be applied as provided in Section 7.01 hereof. The Net Proceeds of insurance carried pursuant to subsections (c) and (f) of Section 6.03 hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid. The Net Proceeds of the fidelity insurance carried pursuant to subsection (d) of Section 6.03 hereof shall be held by the Corporation to replace the funds lost. The Net Proceeds of the business interruption insurance carried pursuant to subsection (e) of Section 6.03 shall be applied against the payments required to be made by the Corporation pursuant to this Agreement during such period of business interruption.

**Section 6.05 Advances by the Authority or the Trustee.** In the event the Corporation shall fail to maintain the full insurance coverage required by this Agreement or shall fail to keep the Facility in as reasonably safe condition as their operating condition will permit, or shall fail to keep the Facility in good repair and good operating condition (except as otherwise herein permitted), the Authority or the Trustee may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same, or make the required repairs, renewals and replacements; and all amounts advanced therefor



by the Authority or the Trustee shall become an additional obligation of the Corporation under this Agreement to the one making the advance, which amounts the Corporation agrees to pay on demand together with interest thereon at the Default Rate.

## ARTICLE VII

### DAMAGE, DESTRUCTION AND CONDEMNATION

**Section 7.01 Damage and Destruction.** Unless the Corporation shall have exercised its option to prepay the Loan in full pursuant to Article XI hereof, if the Facility is destroyed or damaged by fire or other casualty to such extent that the claim for loss under any insurance policies resulting from such event of destruction or damage is less than \$250,000, the Net Proceeds of insurance resulting from such claims for losses shall be paid to the Corporation and shall be held or used by the Corporation for such purposes as the Corporation, in its discretion, may deem appropriate. The Corporation shall not by reason of the payment of Net Proceeds for such destruction or damage be entitled to any reimbursement from the Authority, the Trustee, the Bondholder Representative or the Registered Owners or the Beneficial Owners of the Bonds or any postponement, abatement or diminution of the Loan Payments and other payments required to be made under this Agreement.

Unless the Corporation shall have exercised its option to prepay the Loan in full pursuant to Article XI hereof, if the Facility is destroyed or damaged (in whole or in part) by fire or other casualty to such extent that the claim for loss under any insurance policies resulting from such event of destruction or damage is \$250,000 or more, the Corporation shall promptly give written notice thereof to the Trustee and the Authority. All Net Proceeds of insurance resulting from such claims for losses of \$250,000 or more shall, in the event the value of the Building is less than the amount of the Bonds Outstanding, such Net Proceeds are received by the Trustee during the period of 10 years following the date of Issuance of the Bonds, be held by the Trustee in a separate trust account, whereupon (a) the Corporation will promptly repair, rebuild or restore the property damaged or destroyed to substantially the same condition as it existed prior to such damage or destruction, with such changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Corporation and as will not impair the Corporation's ability to operate the Facility in an efficient manner; and (b) the Trustee, upon receipt of a consulting architect's certificate that such payment is required for such purpose, will disburse the Net Proceeds of such insurance as directed in the consulting architect's certificate to payment of the costs of such repair, rebuilding or restoration as the work progresses; and, after such 10 year period, the Trustee shall, at the option of the Corporation, either use such funds to redeem Bonds (but not in the event the value of the Building is less than the amount of Bonds outstanding after such redemption) or to repair, rebuild or restore the property as described above. The Trustee may rely conclusively on any such certificate or other instrument and shall not be required to make any independent investigation in connection therewith. Any balance of such Net Proceeds remaining after payment of all the costs of such repair, rebuilding or restoration shall be transferred to the Bond Principal Fund and applied to the payment of principal of the Bonds on the next payment date or dates thereof. In the event such Net Proceeds are not sufficient to pay in full the costs of such repair, rebuilding or restoration, the Corporation will nonetheless complete the work thereof and will pay any costs thereof in excess of the amount of said Net Proceeds. The Corporation shall not by reason of the payment of such excess costs be entitled to any reimbursement from the Authority, the Trustee, the Bondholder Representative or the Registered Owners or the Beneficial Owners of the Bonds or any postponement, abatement or diminution of the Loan Payments and other payments required to be made under this Agreement.

All Net Proceeds of insurance resulting from claims for losses specified in the first sentences of the two preceding paragraphs may be used to redeem Bonds (except as limited thereby); provided (i) all of the Bonds are to be redeemed in accordance with the Indenture upon exercise of the option to prepay the Loan

in full provided for in Article XI hereof; or (ii) in the event that less than all of the Bonds are to be redeemed, the Corporation shall furnish to the Trustee a consulting architect's certificate stating (A) that the property forming a part of the Facility damaged or destroyed is not essential to the Corporation's use or occupancy of the Facility; or (B) that the Facility has been restored to a condition substantially equivalent to its condition prior to the damage or destruction; or (C) that improvements have been acquired which are suitable for operation as a facility (as defined in the Act) on the Land. The Trustee may conclusively rely on as to the completeness and accuracy of all statements in such certificate, and the Trustee shall not be required to make an independent investigation in connection therewith.

**Section 7.02 Condemnation and Title Defects.** Unless the Corporation shall have exercised its option to prepay the Loan in full pursuant to Article XI hereof, in the event that title to, or the temporary use of, the Facility or any part thereof shall be taken under the exercise of the power of eminent domain or because of a title defect, the Corporation shall be obligated to continue to make the Loan Payments and other payments required to be made under this Agreement. In the event that the Net Proceeds from any award made in such eminent domain proceedings or from any insurance policies purchased pursuant to Section 6.03(a) hereof is less than \$250,000, all of such Net Proceeds shall be paid to the Corporation and shall be held or used by the Corporation for such purposes as the Corporation, in its discretion, may deem appropriate. In the event that the Net Proceeds from any award made in such eminent domain proceedings or from any insurance policies purchased pursuant to Section 6.03(a) hereof is \$250,000 or more, all of such Net Proceeds shall be paid to and held by the Trustee in a separate trust account for the equal benefit of the Registered Owners of the Bonds, to be applied to one or more of the following purposes as shall be directed in writing by the Corporation:

- (a) the restoration of the Facility to substantially the same condition as it existed prior to such condemnation or without such title defect;
- (b) the acquisition, by construction or otherwise, of other improvements suitable for operation as an educational or cultural facility on the Land; and
- (c) the redemption of the Bonds; provided that such condemnation award or title insurance proceeds may be applied for such redemption only if (i) all of the Bonds are to be redeemed in accordance with the Indenture upon exercise of the option to prepay the Loan in full provided for in Article XI hereof or (ii) in the event that less than all of the Bonds are to be redeemed, the Corporation shall furnish to the Authority and the Trustee a consulting architect's certificate stating (A) that the property forming a part of the Facility taken by such condemnation proceedings or lost due to a defect in title is not essential to the Corporation's use or occupancy of the Facility, or (B) that the Facility has been restored to a condition substantially equivalent to its condition prior to the taking by such condemnation proceedings or without such title defect, or (C) that improvements have been acquired which are suitable for the Corporation's operations at the Facility as contemplated by the foregoing subparagraph (b) of the first paragraph of this Section.

In the event the Corporation elects either of the options set forth in subparagraph (a) or (b) of the first paragraph of this Section, the Trustee, upon receipt of a consulting architect's certificate supervising such repair, rebuilding or restoration that payment is required for such purpose, will disburse the Net Proceeds of such condemnation award or title insurance proceeds as directed in the consulting architect's certificate to payment of the costs of such restoration, acquisition or construction, as the work progresses. The Trustee may conclusively rely on the completeness and accuracy of all statements in such certificate, and the Trustee shall not be required to make an independent investigation in connection therewith.

In the event the Corporation elects either of the options set forth in subparagraph (a) or (b) of the first paragraph of this Section, and the Net Proceeds received from eminent domain or title insurance

proceeds are insufficient to pay in full the cost of restoring, acquiring or constructing improvements of substantially the same condition as the Facility prior to the taking or without such title defect, the Corporation will nonetheless complete the work thereof and will pay any costs thereof in excess of such Net Proceeds. The Corporation shall not by reason of the payment of such excess costs be entitled to any reimbursement from the Authority, the Trustee, the Bondholder Representative or the Registered Owners or Beneficial Owners of the Bonds or any postponement, abatement or diminution of the Loan Payments and other payments required to be made under this Agreement.

Unless the Corporation has exercised its option to prepay the Loan in full pursuant to Article XI hereof, within 90 days from the date of a final order in any eminent domain proceeding granting condemnation or from the date of a taking pursuant to a title defect, the Corporation shall direct the Trustee in writing which of the ways specified in this Section the Corporation elects to have the Net Proceeds of the condemnation award or insurance proceeds applied. Any balance of the Net Proceeds of the award in such eminent domain proceedings or insurance proceeds remaining after payment of all the costs of such restoration, acquisition or construction shall be applied to pay or redeem Bonds. The balance to be used to pay or redeem Bonds shall be transferred to the Bond Principal Fund and applied to the payment of the principal of the Bonds on the next payment date or dates thereof.

The Trustee shall cooperate fully with the Corporation in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Facility or any part thereof. In no event will the Corporation voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceeding with respect to the Facility or any part thereof without the written consent of the Authority.

**Section 7.03 Corporation Entitled to Certain Net Proceeds.** The Corporation shall be entitled to the Net Proceeds of any insurance payment or condemnation award or portion thereof attributable to damage or destruction or takings of its Property not included in the Facility, as reasonably determined by the Corporation.

**Section 7.04 No Change in Loan Payments; No Liens.** All buildings, improvements and equipment acquired in the repair, rebuilding or restoration of the Facility shall be deemed a part of the Facility and shall be available for use and occupancy by the Corporation without the payment of any payments hereunder other than the Loan Payments and other payments required to be made under this Agreement, to the same extent as if they were specifically described herein; provided that no buildings, improvements or equipment shall be acquired subject to any lien or encumbrance other than Permitted Encumbrances.

**Section 7.05 Investment of Net Proceeds.** Any Net Proceeds of insurance payments or condemnation awards held by the Trustee pending restoration, repair or rebuilding shall be invested in Investment Obligations in the same manner as provided in Section 6.01 of the Indenture. Any earnings or profits on such investments shall be considered part of the Net Proceeds.

## ARTICLE VIII

### SPECIAL COVENANTS

**Section 8.01 No Warranty of Condition or Suitability.** Neither the Authority nor the Trustee nor the Bondholder Representative nor the Beneficial Owners make any warranty, either express or implied, as to the Facility or that the Facility will be suitable for the Corporation's purposes or needs or that the proceeds of the Bonds will be sufficient to pay the Cost of the Project.

**Section 8.02 Consolidation, Merger, Sale or Conveyance.** The Corporation agrees that during the term of this Agreement it will maintain its corporate existence, will continue to be a nonprofit corporation duly qualified to do business in the State of North Carolina, will not merge or consolidate with any Person, or sell or convey its interest in the Facility except as otherwise permitted in Section 8.11 hereof.

**Section 8.03 Further Assurances.** The Authority, subject to Section 12.24 hereof, and the Corporation each individually agrees that it will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Agreement, subject, however, to the terms and conditions of Article X of the Indenture.

**Section 8.04 Audits.** The Corporation agrees that it will have its books and records audited annually, commencing with the Fiscal Year ending June 30, 2026, by an Accountant as soon as practicable after the close of such Fiscal Year, and will deliver such audited financial statements to the Authority, the Bondholder Representative and the Trustee not later than 180 days after the end of such Fiscal Year (provided that neither the Authority nor the Trustee has any obligation to review such audit report).

Upon receipt by the Corporation of the Accountant's management letter, if any, the Corporation will notify the Authority, the Bondholder Representative and the Trustee that such management letter has been received and is available for inspection by the Authority, the Bondholder Representative and the Trustee at the offices of the Corporation.

**Section 8.05 Financial Statements, Reporting Requirements, Etc.** The Corporation agrees that it will maintain proper books of records and accounts with full, true and correct entries of all of its dealings substantially in accordance with GAAP and audited annually by an Accountant, and that it will, within 180 days of each Fiscal Year end, commencing with the Fiscal Year ending June 30, 2026, furnish such audited financial statements to the Bondholder Representative and the Trustee, provided the Trustee has no obligation to review such material, and such other data and information as may reasonably be requested by the Authority, the Bondholder Representative and the Trustee from time to time. Upon the request of the Authority or the Bondholder Representative, the Corporation shall also provide to the Authority and the Bondholder Representative additional information concerning the Project and the operations, financial condition and any pending material transactions of the Corporation. Notwithstanding the foregoing, the Corporation also covenants and agrees to provide to the Bondholder Representative the following information:

- (a) within 45 days of the end of each fiscal quarter unaudited quarterly financial statements for the fiscal quarters ending September 30, December 31, March 31 and June 30, commencing with the fiscal quarter ending June 30, 2025;
- (b) within 45 days of the end of each fiscal quarter self-reported enrollment by grade for the fiscal quarters ending September 30, December 31, March 31 and June 30, commencing September 30, 2025;
- (c) consolidated annual operating and capital budgets of the Corporation no later than July 1 of each Fiscal Year;
- (d) self-reported annual enrollment and waitlist data of the Corporation as of September 20 of each Fiscal Year, beginning September 20, 2025, due within 30 days of such enrollment determination date;
- (e) self-reported waitlist data of the Corporation as of September 20 of each year;

(f) (1) copies of all written complaint notifications or non-routine correspondence from the State Compliance Office within ten (10) days of having received such complaint notification and copies of any and all of Corporation's responses to such complaint notifications; (2) notices of any meeting at which the Corporation is before the State Compliance Office for issues of non-compliance; and a copy of the minutes of any meeting of the State Compliance Office referenced in (2) above within ten (10) days following the availability thereof.

(g) a copy of (or link to) the annual State Report Card issued by the North Carolina Department of Public Instruction, promptly upon the receipt or publication thereof;

(h) such information as required to be furnished by the Corporation to the State Compliance Office pursuant to the Charter School Act and the Charter School, promptly following the deliver thereof to the State Compliance Office; and

(i) other financial information upon request.

The Corporation shall make available (or retain a dissemination agent to make available) the audited financial statements and quarterly unaudited financial information required to be delivered under this Section 8.05, concurrently with the delivery thereof to the Trustee and the Bondholder Representative, via the Electronic Municipal Market Access system (EMMA), which is accessible at <https://emma.msrb.org>.

**Section 8.06 Indemnification.** To the fullest extent permitted by law, the Corporation hereby fully and forever and irrevocably releases and agrees to indemnify, hold harmless and defend the Authority and each Authority Indemnified Person, the Bondholder Representative and its officers, directors, employees and agents (collectively, the "Bondholder Representative Indemnified Persons") and the Trustee and its officers, directors, employees and agents (collectively, the "Trustee Indemnified Persons" and, together with the Authority and the Authority Indemnified Persons and the Bondholder Representative and the Bondholder Representative Indemnified Persons, the "Indemnified Parties"), against any and all fees, costs and charges, losses, damages, claims, actions, liabilities and expenses of any conceivable nature, kind or character (including, without limitation, fees and expenses of attorneys, accountants, consultants and other experts, 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 or regulation (including, without limitation, federal or state securities laws and regulations and federal tax laws or regulations) or at common law or otherwise (collectively, "Liabilities"), arising out of or based upon or in any way relating to:

(a) the Series 2025 Bonds, the Indenture, this Agreement and the other Corporation Documents 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 Series 2025 Bonds;

(b) the performance or observance by or on behalf of the Authority of those things on the part of the Authority agreed to be performed or observed hereunder and under the Indenture and the documents identified in subsection (a), above;

(c) any act or omission of the Corporation or any of its affiliates or affiliated persons, agents, contractors, servants, employees, tenants or licensees in connection with the Facility or Project, the operation and use of the Facility or Project, 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 or Project or any part thereof;

(d) any lien or charge upon payments by the Corporation to the Authority or the Trustee hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority or the Trustee in respect of any portion of the Facility or Project;

(e) any violation of any Environmental Requirements with respect to, or the release of any Hazardous Substances from, the Facility or Project or any part thereof;

(f) the defeasance and/or redemption, in whole or in part, of the Bonds;

(g) 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;

(h) a Determination of Taxability or any other declaration of taxability of interest on the Bonds, or allegations that interest on the Bonds is taxable or any regulatory audit or inquiry regarding whether interest in the Bonds is taxable;

(i) any investigation or formal or informal inquiry by any federal, state, or local governmental or regulatory agency (including, but not limited to, the U.S. Securities & Exchange Commission) with respect to the Bonds or the transactions contemplated by the Authority Documents or in connection therewith;

(j) any third-party request to the Authority for documents or information regarding the Bonds or related documents or transactions pursuant to the Federal Freedom of Information Act ("FOIA") or Wisconsin Public Records Law (Wis. Stat. §§ 19.21, et. seq.); to the extent not paid by the requesting party;

(k) the Trustee's acceptance or administration of the trust of the 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; or

(l) any injury to or death of any Person or damage to property in or upon the Facility or growing out of or connected with the use, nonuse, condition or occupancy of the Facility.

EXCEPT, (A) in the case of the foregoing indemnification of the Trustee Indemnified Persons and the Bondholder Representative Indemnified Persons, to the extent such Liabilities are caused by the gross negligence or willful misconduct of the Person seeking indemnification; or (B) in the case of the foregoing indemnification of the Authority and the Authority Indemnified Persons, to the extent such Liabilities are caused by the willful misconduct of the Person seeking indemnification.

**THE CORPORATION EXPRESSLY ACKNOWLEDGES AND AGREES THAT THE AUTHORITY AND THE AUTHORITY INDEMNIFIED PERSONS SHALL BE RELEASED FROM, AND INDEMNIFIED HEREUNDER AGAINST, LIABILITIES ARISING FROM THE AUTHORITY'S OR ANY AUTHORITY INDEMNIFIED PERSON'S OWN NEGLIGENCE OF ANY KIND,**

**DESCRIPTION OR DEGREE (EXPRESSLY WAIVING THE COMPARATIVE NEGLIGENCE PROVISIONS OF SECTION 895.045 OF THE WISCONSIN STATUTES AND THE STATUTORY OR COMMON-LAW COMPARATIVE OR CONTRIBUTORY NEGLIGENCE LAWS OF ANY OTHER STATE OR JURISDICTION), OR BREACH OF CONTRACTUAL DUTY, WITHOUT REGARD TO OR THE NECESSITY OF ANY BREACH OR FAULT ON THE PART OF THE CORPORATION OR ANY OTHER PERSON EXCEPT INsofar AS AND TO THE EXTENT THAT ANY SUCH LIABILITIES ARISE FROM THE WILLFUL MISCONDUCT OF THE PERSON SEEKING INDEMNIFICATION.**

In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Corporation, 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 Corporation 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 Corporation 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.

The rights of any Persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses shall survive the final payment or defeasance of the Bonds and in the case of the Trustee or the Bondholder Representative any resignation or removal. The provisions of this Section shall remain valid and in effect notwithstanding repayment of the loan hereunder or payment, redemption or defeasance of the Bonds or termination of this Agreement or the Indenture.

Insofar as any document or instrument issued or delivered in connection with the Bonds (including, without limitation, the documents referred to in subsection (a), above) purports to constitute an undertaking by or impose an obligation upon the Corporation to provide indemnification to the Authority or the Authority Indemnified Persons, the indemnification provision or provisions of such document shall not be deemed, interpreted or construed in any way as a modification of or limitation upon the Corporation's obligations or the rights of the Authority and the Authority Indemnified Persons under this Section 8.06, and the provisions of this Section 8.06 shall in every respect supersede the indemnification provisions of any such other document and shall apply thereto as if fully set forth therein.

**Section 8.07 Authority of Authorized Representative of the Corporation.** Whenever under the provisions of this Agreement or the Indenture the approval of the Corporation is required, or the Authority or the Trustee is required to take some action at the request of the Corporation, such approval or such request shall be made by the Authorized Representative of the Corporation unless otherwise specified in this Agreement or the Indenture. The Authority or the Trustee shall be authorized to act on any such approval or request and the Corporation shall have no complaint against the Authority or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Agreement or the Indenture by an Authorized Representative of the Corporation shall be on behalf of the Corporation and shall not result in any personal liability of such Authorized Representative.



**Section 8.08 Authority of Authorized Signatory of the Authority.** Whenever under the provisions of this Agreement or the Indenture the approval of the Authority is required, or the Corporation or the Trustee is required to take some action at the request of the Authority, such approval or such request shall be made by the Authorized Signatory of the Authority unless otherwise specified in this Agreement or the Indenture. The Corporation or the Trustee shall be authorized to act on any such approval or request and the Authority shall have no complaint against the Corporation or the Trustee as a result of any such action taken in accordance with such approval or request. The execution of any document or certificate required under the provisions of this Agreement or the Indenture by an Authorized Signatory of the Authority shall be on behalf of the Authority and shall not result in any personal liability of such Authorized Signatory.

**Section 8.09 Licenses and Qualifications.** The Corporation will do, or cause to be done, all things necessary to obtain, renew and secure all permits, licenses and other governmental approvals and to comply, or cause its lessees to comply, with such permits, licenses and other governmental approvals necessary for operation of the Facility (subject, however, to Section 8.12 hereof).

**Section 8.10 Maintenance of Pledged Revenues.** So long as any Bonds are Outstanding, the Corporation covenants and agrees to operate the School in such a way that Pledged Revenues in each Fiscal Year are sufficient to pay (a) currently all of the Corporation's expenses during such Fiscal Year for the operation, maintenance and repair of the Facility; (b) all payments under this Agreement; and (c) all other obligations imposed by this Agreement upon the Corporation payable during such Fiscal Year.

**Section 8.11 Sale, Lease or Other Disposition of the Facility.** The Corporation shall have the right to lease or sublease all or any part of the Facility, subject to the written consent of the Authority and the Bondholder Representative; provided, however, that if any Outstanding Bonds bear interest at the Tax-Exempt Rate, the Corporation shall provide to the Authority and the Trustee an opinion of a nationally recognized bond counsel acceptable to the Authority that such lease will not adversely affect the tax exempt status of the Bonds, and that the terms and provisions of any leases or subleases will allow the Corporation to comply with the provisions of this Agreement and contain the restrictions upon the use of the Facility contained in Sections 2.02(c) and 8.12 of this Agreement. Other than leases or subleases permitted by this Section and as provided in Section 6.01, the Corporation agrees that it will not sell or otherwise dispose of the Facility.

**Section 8.12 Nonsectarian Use.** The Corporation agrees that, in the absence of the receipt by the Authority and the Trustee of a written opinion of nationally recognized municipal bond counsel acceptable to the Authority to the effect that such use will not affect adversely the exclusion from gross income of interest for federal income tax purposes on the Bonds, and that such restriction is no longer required under the provisions of the Act, no proceeds of the Bonds shall be used to acquire, construct, install, or refinance any facilities which are intended to be used primarily for sectarian purposes. The Corporation will comply with all applicable state and federal laws concerning discrimination on the basis of race, creed, color, sex, sexual orientation, national origin, or religious belief.

**Section 8.13 Limitations on Incurrence of Additional Indebtedness; Reasonable Cooperation on Certain Long-Term Financial Obligations.** The Corporation shall not after the date hereof incur any additional Indebtedness that does not exist as of the date hereof, secured in whole or in part, on a priority, parity or subordinate basis, by the Facility or the Pledged Revenues except as follows: (i) with the prior written consent of the Bondholder Representative, and subject to Section 2.10 of the Indenture, or (ii) operating lines of credit or trade credits which do not, in the aggregate, exceed five percent (5%) of annual Pledged Revenues of the Corporation for the most recent fiscal year.



**Section 8.14 No Default Certificate.** Within 180 days after the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2025, the Corporation shall furnish to the Authority and the Trustee certificates of an Authorized Representative of the Corporation stating that no Event of Default under Section 10.01 hereof or under the Indenture has occurred and is continuing and that such Authorized Representative has no knowledge of an event which with the passage of time or the giving of notice, or both, would constitute an Event of Default under Section 10.01 hereof or under the Indenture, or describing any such Event of Default or event known to such Authorized Representative.

**Section 8.15 Financial Covenants.**

(a) **Debt Service Coverage Ratio.** The Corporation, based on the annual audited financial statements provided by the Accountant in accordance with Section 8.05, on a consolidated reporting basis, shall maintain a Debt Service Coverage Ratio of not less than the following: 1.10 measured for the Fiscal Year ending June 30, 2027, and not less than 1.20 measured for each Fiscal Year thereafter.

(b) **Days Cash on Hand Requirement.** The Corporation, based on the annual audited financial statements provided by the Accountant in accordance with Section 8.05, shall have, measured annually as of June 30 of each Fiscal Year, commencing June 30, 2027 (each, a "Liquidity Testing Date"), the following amounts of Days Cash on Hand; at least thirty (30) Days Cash on Hand as of June 30, 2027, at least forty-five (45) Days Cash on Hand as of June 30, 2028, and at least sixty (60) Days Cash on Hand as of June 30, 2029 and each June 30 thereafter.

(c) The Corporation shall provide an Annual Compliance Certificate of its compliance with the foregoing requirements to the Trustee and the Bondholder Representative within ten (10) days of the issuance of the annual audit pursuant to an Annual Compliance Certificate.

(d) Commencing with the Fiscal Year ending June 30, 2027, in the event that (i) the Debt Service Coverage Ratio is below the applicable level set forth in (a) above for any Fiscal Year or (ii) the Days Cash on Hand falls below the requirement set forth in (b) above as of any Liquidity Testing Date; or (iii) the Corporation receives any formal reports or recommendations or other non-routine correspondence from the State Board of Education, the Corporation shall retain a Management Consultant within forty-five (45) days following the related reporting date at the Corporation's expense. The Bondholder Representative shall have the right to object to the Corporation's selection of a Management Consultant and direct the Corporation to select an alternate Management Consultant pursuant to Section 8.17 herein. The Management Consultant shall make appropriate recommendations in order to bring the Corporation into compliance with the provisions of this Section.

Copies of such recommendations shall be filed with the Bondholder Representative, the Authority and the Trustee. The Corporation agrees that promptly upon the receipt of such recommendations, subject to applicable requirements or restrictions imposed by law, or to the extent practical, it shall revise its methods of operation and shall take such other reasonable actions as shall be in conformity with the recommendations. So long as the Corporation shall retain a Management Consultant and complies with such Management Consultant's recommendations to the extent practical or not prohibited by law, no default or Event of Default shall be declared solely by reason of a violation of the requirements of this Section; provided, however, that the failure to maintain a Debt Service Ratio of at least 1.0 for any Fiscal Year or to have at least thirty (30) Days Cash on Hand as of any Liquidity Testing Date, shall be an Event of Default hereunder.

**Section 8.16 Limitations on Liens.** The Corporation covenants that except as otherwise specifically provided in this Agreement, it shall not create, assume, incur or suffer to be created, assumed or incurred any Liens on the Facility (other than Permitted Encumbrances).

**Section 8.17 Selection of Management Consultant.** Upon the selection of a Management Consultant as required by Section 8.15 of this Agreement, the Corporation shall cause a notice of the selection of such Management Consultant (the "Management Notice"), including the name of such Management Consultant and a brief description of such Management Consultant to be delivered to the Trustee and the Bondholder Representative. If the Bondholder Representative objects to the Management Consultant, then the Corporation shall select an alternate Management Consultant reasonably acceptable to the Bondholder Representative.

**Commented [3]:** Suggest adding a time frame on how long this will take. i.e. the bondholder rep will have 10 days to object?

**Section 8.18 Rating.** The Corporation shall notify the Trustee and the Bondholder Representative of its receipt of an Investment Grade Notice within five Business Days of its receipt thereof.

**Section 8.19 Management.** Except if there are academic, operational or legal issues that reasonably put the operations of the Corporation at risk, as determined by the governing body of the Corporation, American Traditional Academies, LLC, and Mary Catherine Sauer shall provide professional educational and management services to the Corporation through at least the later of (a) the Stabilization Date or (b) July 1, 2029.

**Section 8.20 Maintenance of Charter School Status.** The Corporation covenants and agrees to take all legal actions necessary to maintain its charter with an authorizing entity in good standing and to take or cause to be taken any and all actions required to renew or extend the term of its Charter School Contract with such authorizing entity as necessary to keep the same in full force at any time as any Bonds remain outstanding. As soon as practicable, the Corporation shall provide the Trustee and the Bondholder Representative with a copy of any notice received with regard to any authorizing entity's intent to, or not to, renew or extend or terminate the term of its Charter School Contract or any notice of any issues which if not corrected or resolved could lead to termination or nonrenewal of its Charter School Contract. In addition, the Corporation shall maintain and/or retain accreditation status under the Charter Schools Law of the State of North Carolina (constituting North Carolina General Statutes, Chapter 115C, Article 16, Part 6A (N.C. Gen. Stat. 115C-238.29A, et seq.)) and related administrative rules and shall satisfy the student performance accountability standards stated in its application for its charter.

## ARTICLE IX

### ASSIGNMENT AND PLEDGING; REDEMPTION OF BONDS

**Section 9.01 Assignment by Corporation.** This Agreement may not be assigned by the Corporation.

**Section 9.02 Assignment and Pledge by Authority.** The Authority shall assign certain of its rights and interests in and under this Agreement, including the Pledged Revenues but excluding the Unassigned Rights, to the Trustee pursuant to the Indenture as security for payment of the principal of, premium, if any, and interest on the Bonds. The Corporation hereby consents to such assignment.

**Section 9.03 Redemption of Bonds.** Upon the agreement of the Corporation to deposit moneys into the Bond Principal Fund and the Bond Interest Fund in an amount sufficient to redeem Bonds subject to redemption, the Trustee, at the written request of the Corporation and subject to Article V of the Indenture, shall forthwith take all steps (other than the payment of the money required for such redemption) necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of

the then Outstanding Bonds on the redemption date. At such time as the Bonds are no longer Outstanding, this Agreement shall become null and void and the Deed of Trust shall be deemed satisfied.

## ARTICLE X

### EVENTS OF DEFAULT AND REMEDIES

**Section 10.01 Events of Default Defined.** The following shall be "Events of Default" under this Agreement and the term "Event of Default" shall mean, whenever it is used in this Agreement, any one or more of the following events:

- (a) failure by the Corporation to pay the Loan Payments required to be paid under Section 5.02(a) hereof when due;
- (b) the occurrence of an "Event of Default" under the Deed of Trust or the Indenture;
- (c) failure by the Corporation to observe and perform any covenant, condition or agreement on its part to be observed or performed in Sections 8.02, 8.11, 8.13 or 8.16 hereof;
- (d) failure by the Corporation to observe and perform any covenant, condition or agreement on its part to be observed or performed herein other than as referred to in subsection (a) or (c) of this Section, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Corporation by the Authority or the Trustee; provided, however, with respect to any such failure covered by this subsection (d), no Event of Default shall be deemed to be continuing so long as a course of action to remedy such failure shall have been commenced within such 30-day period and shall thereafter be diligently prosecuted to completion and the failure shall be remedied thereby, provided, that failure to correct such default within 90 days after receipt of such notice shall constitute an Event of Default hereunder;
- (e) the dissolution or liquidation of the Corporation, or failure by the Corporation promptly to lift any execution, garnishment, or attachment of such consequence as will impair its ability to meet its obligations with respect to the Facility or to make any payments under this Agreement;
- (f) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Corporation in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days;
- (g) the commencement by the Corporation of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Corporation or for any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the failure of the Corporation generally to pay its debts as such debts become due, or the taking of corporate action by the Corporation in furtherance of any of the foregoing;

(h) Any judgment, decree or order requiring the payment of money in excess of One Hundred Thousand Dollars (\$100,000) shall be rendered against the Corporation and such judgment, decree or order shall remain unpaid, unvacated, unbonded or unstayed by appeal or otherwise for a period of sixty (60) consecutive days from the date of its entry and such judgment is not covered by insurance from a solvent insurer who is defending such action without reservation of rights; and/or

(i) an "event of default" has occurred relating to any other Indebtedness of the Corporation.

**Section 10.02 Remedies on Default.** Whenever any Event of Default referred to in Section 10.01 hereof shall have occurred and is continuing, in accordance with Section 12.22, the Authority or the Trustee, may (subject to the provisions of Section 10.06 hereof) take any one or more of the following remedial steps:

(a) The Trustee or the Authority, as and to the extent provided in the Indenture, may declare the Loan Payments payable hereunder for the remainder of the term of this Agreement to be immediately due and payable, whereupon the same shall become due and payable.

(b) The Trustee may take any action permitted under the Indenture with respect to an Event of Default thereunder.

(c) The Trustee, as and to the extent provided in the Indenture may exercise its rights under the Deed of Trust, including, without limitation, the right to foreclose on the Facility under the Deed of Trust, and may realize upon the security interest in the Pledged Revenues and may exercise all the rights and remedies of a secured party under the North Carolina Uniform Commercial Code with respect thereto.

(d) The Trustee or the Authority, as and to the extent provided in the Indenture or the Deed of Trust, may take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance or observance of any obligations, agreements, or covenants of the Corporation under this Agreement.

Notwithstanding the foregoing, prior to the exercise by the Authority or the Trustee of any remedy that would prevent the application of this paragraph, the Corporation may, at any time, pay all accrued payments hereunder (exclusive of any such payments accrued solely by virtue of declaration pursuant to subsection (a) of the first paragraph of this Section) and fully cure all defaults, and in such event, the Corporation shall be fully reinstated to its position hereunder as if such Event of Default had never occurred.

In the event that the Corporation fails to make any payment required hereby, the payment so in default shall continue as an obligation of the Corporation, accruing interest at the Default Rate, until the amount in default shall have been fully paid.

Any proceeds received by the Authority or the Trustee from the exercise of any of the above remedies, after reimbursement of any costs incurred by the Authority or the Trustee in connection therewith, shall be applied by the Trustee in accordance with the provisions of the Indenture.

If the Authority or the Trustee shall have proceeded to enforce their rights under this Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Authority or the Trustee, then and in every such case, the Corporation, the Authority and the Trustee shall be restored to their respective positions and rights hereunder, and all rights,

remedies and powers of the Corporation, the Authority and the Trustee shall continue as though no such proceedings had been taken.

**Section 10.03 No Remedy Exclusive.** Subject to the provisions of Section 10.06 hereof, no remedy herein conferred upon or reserved to the Authority or the Trustee 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 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 or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than notice required herein or by applicable law. Such rights and remedies given the Authority hereunder shall also extend to the Trustee, the Bondholder Representative and the Registered Owners of the Bonds, subject to the Indenture.

**Section 10.04 Agreement to Pay Attorneys' Fees and Expenses.** In the event of an Event of Default under this Agreement or the Indenture or should the Corporation breach any of the provisions of this Agreement and the Authority, the Trustee or the Bondholder Representative should employ attorneys or incur other expenses for the collection of Loan Payments or the enforcement of performance or observance of any obligation or agreement on the part of the Corporation herein contained, the Corporation agrees that it will on demand therefor pay to the Authority, the Trustee or the Bondholder Representative, as the case may be, the fees of such attorneys and such other expenses incurred by the Authority, the Trustee or the Bondholder Representative. The obligations of the Corporation arising under this Section shall continue in full force and effect notwithstanding the final payment of the Bonds or the termination of this Agreement for any reason.

**Section 10.05 Waiver.** In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the Authority's rights in and under this Agreement to the Trustee under the Indenture, the Authority shall retain its Unassigned Rights and its right to receive certain reports and perform certain discretionary acts as described herein but shall have no power to waive any Event of Default hereunder, except with relation to the Unassigned Rights, without the consent of the Trustee. Notwithstanding the foregoing, a waiver of an Event of Default under the Indenture or a rescission of a declaration of acceleration of the Bonds and a rescission and annulment of its consequences shall constitute a waiver of the corresponding Event of Default under this Agreement and a rescission and annulment of its consequences; provided, that no such waiver or rescission shall extend to or affect any subsequent or other default hereunder or impair any right consequent thereon.

**Section 10.06 Recovery Limited to Pledged Revenues and Facility.** Notwithstanding anything to the contrary in this Agreement, recovery against the Corporation for any Event of Default under this Agreement, other than amounts to be paid pursuant to Section 5.02(d) and (f) hereof and amounts payable pursuant to the indemnification provisions of Sections 8.06 and 10.04 hereof, which are general obligations of the Corporation, is limited to the Pledged Revenues and amounts received from the foreclosure of the Deed of Trust against the Facility and exercise as against any personal property granted by this Agreement and secured by any Uniform Commercial Code Financing Statement. The obligations of the Corporation hereunder, other than amounts to be paid pursuant to Section 5.02(d) and (f) hereof and amounts payable pursuant to the indemnification provisions of Sections 8.06 and 10.04 hereof, are not general obligations of the Corporation, and none of the Trustee, the Authority, the Registered Owners or the Beneficial Owners shall have any recourse to any Property, funds or assets of the Corporation (other than the Pledged Revenues and the Facility) with respect to such obligations.

**Section 10.07 No Duty to Mitigate Damages.** Neither the Authority nor the Trustee nor the Bondholder Representative shall be required to do any act whatsoever or exercise any diligence whatsoever to mitigate the damages to the Corporation if any Event of Default shall occur hereunder.

## ARTICLE XI

### PREPAYMENT OF THE LOAN

**Section 11.01 General Option to Prepay the Loan.** The Corporation shall have and is hereby granted the option exercisable at any time on or after \_\_\_\_\_, 2027 to prepay all or any portion of the Loan by depositing with the Trustee an amount of money sufficient to pay the amount necessary to redeem all or a portion of the Bonds then Outstanding pursuant to Section 5.01 of the Indenture. In the event the Corporation prepays all of the Loan pursuant to this Section, pays all necessary fees and expenses of the Trustee accrued and to accrue through final payment of the Bonds as a result of such prepayment and all of its liabilities accrued and to accrue hereunder to the Authority through final payment of the Bonds as a result of such prepayment, and all other amounts due hereunder have been paid in full, then this Agreement shall terminate except as otherwise provided herein.

**Section 11.02 Reserved.**

**Section 11.03 Prepayment Credits.** In the event of prepayment by the Corporation of the Loan in whole, the amounts then contained in the Bond Principal Fund, Bond Interest Fund and Issuance Expense Fund shall be credited first to the Rebate Fund so that it is fully funded for the final payment to the federal government and then against the Corporation's prepayment obligation.

**Section 11.04 Notice of Prepayment.** In order to exercise the option granted by Section 11.01, the Corporation shall give written notice to the Bondholder Representative and the Trustee as set forth in the Indenture. In the case of any prepayment pursuant to this Article, the Corporation shall make arrangements with the Trustee for giving the required notice of redemption, if any, to the Registered Owners of any Bonds to be redeemed.

**Section 11.05 Use of Prepayment Moneys.** By virtue of the assignment of the rights of the Authority under this Agreement to the Trustee, the Corporation agrees to and shall pay any amount required to be paid by it under this Article directly to the Trustee (other than amounts to be paid to the Authority for its own account). The Trustee shall use the moneys so paid to it by the Corporation (other than amounts to be paid to the Trustee for its own account) as provided in this Agreement.

## ARTICLE XII

### MISCELLANEOUS

**Section 12.01 Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when (a) sent by electronic means, if available; (b) mailed by certified or registered mail, postage prepaid; (c) deposited with any nationally recognized overnight delivery service that routinely issues receipts; or (d) personally delivered by any courier service that routinely issues receipts: if to the Authority, to the Public Finance Authority, 22 East Mifflin Street, Suite 900, Madison, Wisconsin 53703, Attention: Scott Carper ([scarper@pfauthority.org](mailto:scarper@pfauthority.org)) and Michael LaPierre ([mlapierre@pfauthority.org](mailto:mlapierre@pfauthority.org)); if to the Corporation, to Liberty Charter Academy, 3800 Oak Ridge Road, Summerfield, North Carolina 27358, Attention: Chairman (\_\_\_\_\_\_); and if to the Trustee, to UMB Bank, n.a., 928 Grand Blvd, 12th Floor, Kansas City, Missouri 64106, Attention: Corporate Trust & Escrow Services ([sarah.sanchez@umb.com](mailto:sarah.sanchez@umb.com)). A duplicate copy of each notice, certificate or other

communication given hereunder by the Authority or the Corporation shall also be given to the Trustee and to the Bondholder Representative, 503 Capital Partners, 4000 West 114<sup>th</sup> Street, Suite 260, Leawood, Kansas 66211, Attention: Surveillance (mjhunhumwala@503capitalpartners.com). The Authority, the Corporation, the Bondholder Representative or the Trustee may, by notice hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

**Section 12.02 Binding Effect.** This Agreement shall inure to the benefit of and shall be binding upon the Authority and the Corporation, and their respective successors and assigns, subject, however, to the limitations contained in Sections 9.01, 9.02, 12.10 and 12.11 hereof.

**Section 12.03 Severability.** In the event any provision of this 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 12.04 Amounts Remaining in Funds.** It is agreed by the parties hereto that any amounts remaining in the Funds upon expiration of the term of this Agreement and payment of all amounts owed hereunder shall belong to and be paid to the Corporation by the Trustee.

**Section 12.05 Amendments, Changes and Modifications.** Except as otherwise provided in this Agreement or in the Indenture, this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Authority and the Bondholder Representative. Any amendment to this Agreement shall be executed in accordance with Section 10.05, Section 10.06, and Section 10.07 of the Indenture.

**Section 12.06 Execution in Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 12.07 Reserved.**

**Section 12.08 Filing.** The Corporation shall cause the Deed of Trust on the Facility granted by this Agreement to be recorded with the Register of Deeds of Guilford County, North Carolina. In addition, the Corporation shall cause the security interest in the rights to receive the Pledged Revenues, the Funds and trust accounts referred to in Section 5.01 hereof granted to the Authority, the assignment of such security interest to the Trustee and the security interests otherwise described in this Agreement granted to the Trustee to be perfected by the filing of financing statements which fully comply with the North Carolina Uniform Commercial Code in the office of the Secretary of State, and in such other office as is at the time provided by law as the proper place for the filing thereof. The parties further agree that all necessary continuation statements shall be filed by the Trustee in accordance with Section 9.01 of the Indenture, at the expense of and with the cooperation of the Corporation within the time prescribed by the North Carolina Uniform Commercial Code in order to continue such security interests.

**Section 12.09 Cancellation at Expiration of Term of Agreement.** Upon the expiration of the term of this Agreement, the Authority shall, subject to Section 12.24 and at the expense of the Corporation, deliver to the Corporation any documents and take or cause the Trustee to take such actions as may be necessary to evidence the termination of this Agreement and the discharge of the lien hereof and of the Deed of Trust.

**Section 12.10 No Pecuniary Liability of Authority.** The Authority shall not be obligated to pay the principal of, premium, if any, or interest on the Bonds or any costs incidental thereto, except from the Trust Estate. Neither the faith and credit nor the taxing power of any Sponsor, any Member, the State of



Wisconsin or any other political subdivision or agency thereof or any political subdivision approving the issuance of the Bonds, nor the faith and credit of the Authority, is pledged to the payment of the principal of, premium, if any, or interest on the Bonds or any costs incidental thereto. The Authority has no taxing power. The Authority shall not be directly, indirectly, contingently, or otherwise 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 Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Corporation under this Agreement, and except as may result solely from the Authority's own willful misconduct.

The Corporation hereby acknowledges that the Authority's sole source of moneys to repay the Bonds is the Trust Estate, and hereby agrees that if the payments to be made under this Agreement shall ever prove insufficient to pay all principal, premium, if any, and interest on the Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise) or any costs incidental thereto, then upon notice or demand from the Trustee, the Corporation shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal, premium, if any, or interest when due, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Authority, the Corporation or any third party, subject to any right of reimbursement from the Trustee, the Authority or any such third party, as the case may be, therefor.

**Section 12.11 Waiver of Personal Liability.** No Authority Indemnified Person (including any Authority Indemnified Person who executes any certificate in connection with the Bonds that restates or certifies as to the truth and accuracy thereof) shall be individually or personally liable for: (i) payment of any principal of, premium, if any, or interest on the Bonds or any costs incidental thereto or any sum hereunder or under the Indenture or be subject to any personal liability or accountability by reason of the execution and delivery of this Agreement, the Indenture or any other document or (ii) the breach by the Authority of any representation or covenant contained in this Agreement.

**Section 12.12 Prior Agreements Superseded.** This Agreement, together with all agreements executed by the parties concurrently herewith or in conjunction with the initial issuance of the Series 2025 Bonds, shall completely and fully supersede all other prior understandings or agreements, both written and oral, between the Authority and the Corporation relating to the Series 2025 Bonds, the lending of money and the Project.

**Section 12.13 Covenant by the Corporation with Respect to Statements, Representations and Warranties.** It is understood by the Corporation that all such statements, representations and warranties made in this Agreement shall be deemed to have been relied upon by the Authority as an inducement to issue the Bonds, and by the Bondholder Representative as an inducement to direct the purchase of the Series 2025 Bonds, and that if any such statements, representations and warranties were false at the time they were made or (with respect to those representations and warranties which are to continue) are breached during the term hereof, such misrepresentation or breach shall constitute a breach of this Agreement which may give rise to an Event of Default hereunder.

**Section 12.14 Captions.** The captions and headings in this Agreement are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Agreement.

**Section 12.15 Payments Due on Holidays.** If the date for making any payment or the last date for performance of any act or the exercise of any right, as provided in this Agreement, is not a Business Day such payments may be made, or act performed or right exercised on the next succeeding Business Day unless otherwise provided herein, with the same force and effect as if done on the nominal date provided in this Agreement.



**Section 12.16 Consent.** Any consent or approval of the Authority required pursuant to this Agreement shall be in writing and shall not be unreasonably withheld. Any consent or approval of the Trustee required pursuant to this Agreement shall be in writing and shall at the direction of, and in the sole discretion of, the Bondholder Representative unless otherwise expressly provided herein.

**Section 12.17 Effective Date.** This Agreement has been dated for convenience purposes only. Notwithstanding the stated date of this Agreement, this Agreement shall be effective on the date of funding of the Loan.

**Section 12.18 Governing Law, Jurisdiction and Venue.**

(a) Except as and to the extent provided in subsection (b) below, this Agreement and all disputes, claims, defenses, controversies or causes of action (whether in contract or tort) that may be based upon, arise out of or relate hereto, including as to any representation or warranty made by the Corporation in or in connection with this Agreement or as an inducement to enter into this Agreement, shall be governed by the internal laws of the State of North Carolina, without regard to any conflicts of laws principles.

(b) Notwithstanding subsection (a), any disputes, claims, defenses, controversies or causes of action based upon, arising out of or relating to the following enumerated matters shall be governed by the laws of the State of Wisconsin, excluding conflicts of law principles: (i) the Authority's organization, existence, statutory and corporate powers, and legal and contractual capacity; (ii) the Authority's right to the payment of its fees, costs and expenses, including, but not limited to, attorneys' fees, costs of investigation and the expenses of other professionals retained by the Authority and the reasonableness of such fees, costs and expenses; (iii) the Authority's and the Authority Indemnified Persons' rights to indemnification from the Corporation (and the Corporation's corresponding obligation to provide such indemnification); (iv) the Corporation's release of the Authority and the Authority Indemnified Persons from liability; (v) exculpation of the Authority and the Authority Indemnified Persons from pecuniary liability; and (vi) the Authority's governmental rights, privileges and immunities.

(c) All claims of whatever character arising out of this Agreement shall be brought in any state or federal court of competent jurisdiction located in the County of Guilford, North Carolina; provided, that to the extent that a dispute, claim, controversy or cause of action enumerated in subsection (b) can be separated, from other disputes under this Agreement ("Separate Dispute"), such Separate Dispute shall be adjudicated by a state or federal court of competent jurisdiction located in Dane County, Wisconsin. By executing and delivering this Agreement, each party hereto irrevocably: (i) accepts generally and unconditionally the exclusive jurisdiction and venue of such courts; (ii) waives any defense of forum non conveniens; and (iii) agrees not to seek removal of such proceedings to any court or forum other than as specified above. The foregoing shall not be deemed or construed to constitute a waiver by the Authority of any prior notice or procedural requirements applicable to actions or claims against or involving joint powers commissions or governmental units of the State of Wisconsin that may exist at the time of and in connection with such matter.

**Section 12.19 No Violations of Law.** Any other term or provision in this Agreement to the contrary notwithstanding, (a) in no event shall this Agreement be construed as (i) depriving the Authority of any right or privilege; or (ii) requiring the Authority or any director, agent, employee, representative, or advisor of the Authority to take or omit to take, or to permit or suffer the taking of, any action by itself or by anyone else, which deprivation or requirement would violate, or result in the Authority's being in violation of the Act or any other applicable state or federal law; and (b) at no time and in no event will the

Corporation permit, suffer or allow any of the proceeds of the Bonds to be transferred to any Person in violation of, or to be used in any manner which is prohibited by, the Act or any other state or federal law.

**Section 12.20 Non-Impairment.** Nothing in this Agreement shall be deemed or construed to limit, impair or affect in any way the Authority's (or any Authority Indemnified Person's) right to enforce the Unassigned Rights, regardless of whether there is then existing an Event of Default (including, without limitation, a payment default), or any action based thereon or occasioned by an Event of Default or alleged Event of Default, and regardless of any waiver or forbearance granted by the Trustee, the Bondholder Representative or any Registered Owner or Beneficial Owner in respect thereof. Any default or Event of Default in respect of the Unassigned Rights may only be waived with the Authority's written consent.

**Section 12.21 Survival of Provisions.** The provisions of this Agreement and the Indenture and any other document in connection with the issuance of the Bonds to which the Authority is a party concerning (i) the tax-exempt status of the Bonds (including, but not limited to, provisions concerning rebate); (ii) the interpretation of this Agreement; (iii) governing law, jurisdiction and venue; (iv) the Authority's right to rely on written representations of others contained herein or in any other document or instrument issued or entered into in respect of the Bonds, regardless of whether the Authority is a party thereto; (v) the indemnification rights and exculpation from liability of the Authority and the Authority Indemnified Persons, the Trustee and the Trustee Indemnified Persons; and (vi) any other provision of this Agreement not described or enumerated above that expressly provides for its survival, shall survive and remain in full force and effect notwithstanding the payment or redemption in full, or defeasance of the Bonds, the discharge of the Indenture, and the termination or expiration of this Agreement.

**Section 12.22 No Obligation to Enforce Assigned Rights.** Notwithstanding anything to the contrary in this Agreement or the Indenture, the Authority shall have no obligation to and instead the Trustee, the Bondholder Representative and/or the Beneficial Owners, as the case may be, in accordance with this Agreement or the Indenture, shall have the sole and exclusive right, without any notice to, direction from or action by the Authority (unless otherwise expressly required hereby), to take any and all steps, actions and proceedings, to enforce any or all rights of the Authority (other than the Unassigned Rights) under this Agreement or the Indenture, including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Corporation under this Agreement.

**Section 12.23 Third-Party Beneficiaries.** Notwithstanding any provision of this Agreement to the contrary, it is specifically acknowledged and agreed that, to the extent of their rights hereunder (including, without limitation, their rights to immunity, indemnification and exculpation from pecuniary liability) each Authority Indemnified Person, Trustee Indemnified Person, Bondholder Representative Indemnified Person and Beneficial Owner is a third-party beneficiary of this Agreement entitled to enforce such rights in his, her, its or their own name(s).

**Section 12.24 Authority's Performance.** None of the provisions of this Agreement or the Indenture shall require the Authority to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder or thereunder, unless payable from the Trust Estate, or unless the Authority shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby. The Authority shall not be under any obligation hereunder or under the Indenture to perform any administrative service with respect to the Bonds or the Project (including, without limitation, record keeping and legal services), it being understood that such services shall be performed or provided by the Trustee or the Corporation. The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions expressly contained in this Agreement, the Indenture, and any and every Bond executed, authenticated and delivered under the Indenture; provided, however, that the

Authority shall not be obligated to take any action or execute any instrument pursuant to any provision hereof unless and until it shall have (i) been directed to do so in writing by the Corporation, the Trustee, the Bondholder Representative or the Registered Owners having the authority to so direct; (ii) received from the party requesting such action or execution assurance satisfactory to the Authority that the Authority's expenses incurred or to be incurred in connection with taking such action or executing such instrument have been or will be paid or reimbursed to the Authority; and (iii) if applicable, received in a timely manner the instrument or document to be executed, in form and substance satisfactory to the Authority. In complying with any provision herein or in the Indenture, including but not limited to any provision requiring the Authority to "cause" another Person to take or omit any action, the Authority shall be entitled to rely conclusively (and without independent investigation or verification) (i) on the faithful performance by the Trustee or the Corporation, as the case may be, of their respective obligations hereunder and under the Indenture, and (ii) upon any written certification or opinion furnished to the Authority, by the Trustee or the Corporation, as the case may be. In acting, or in refraining from acting under this Agreement or the Indenture, the Authority may conclusively rely on the advice of its counsel. The Authority shall not be required to take any action hereunder or under the Indenture that it reasonably believes to be unlawful or in contravention hereof or thereof.

**Section 12.25 Maintenance of Records.** The Corporation will maintain records relating to the use and investment of the proceeds of the Bonds and the use and operation of the Facility for a period of four years after the later of (i) payment in full of the Bonds or (ii) payment in full of any bonds issued to refund the Bonds.

**Section 12.26 Electronic Storage.** The parties hereto agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 12.27 No Rating.** The Loan has not, and is not expected to be, rated by a nationally recognized organization which regularly rates such obligations.

**Section 12.28 No Obligation of the State of North Carolina.** No indebtedness of any kind incurred or created by the Corporation shall constitute an indebtedness of the State of North Carolina or its political subdivisions, and no indebtedness of the Corporation shall involve or be secured by the faith, credit, or taxing power of the State of North Carolina or its political subdivisions.

**Section 12.29 Application of Proceeds.** Notwithstanding any provision herein to the contrary, including, but not limited to, Sections 6.04, 7.01 and 7.02, upon the occurrence and continuation of an Event of Default, the application of any and all moneys shall be pursuant to Section 8.05 of the Indenture.

**IN WITNESS WHEREOF**, the Authority and the Corporation have caused this Agreement to be executed in their respective corporate names, all as of the date first above written.

**PUBLIC FINANCE AUTHORITY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Assistant Secretary

[Signature Page to Loan and Security Agreement]

**LIBERTY CHARTER ACADEMY**

By: \_\_\_\_\_  
John O'Day  
Chairman

[Signature Page to Loan and Security Agreement]

**EXHIBIT A**

**LEGAL DESCRIPTION OF THE LAND**

The legal description of the real property is as follows:

[to come]

A-1

**EXHIBIT B**

**FORM OF ANNUAL COMPLIANCE CERTIFICATE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 20\_\_**

The undersigned, as an authorized officer of and on behalf of Liberty Charter Academy, a nonprofit corporation duly organized and validly existing under the laws of the State of North Carolina (the "State") (the "Corporation"), in connection with the Loan and Security Agreement, dated as of March 1, 2025 (the "Agreement"), between the Corporation and the Public Finance Authority, hereby attests as follows (capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Agreement):

1. The undersigned is an authorized officer of the Corporation.
2. The undersigned has made a review of activities during the preceding period for the purpose of determining whether the Corporation has complied with all of the terms, provisions and conditions of the loan documents to which the Corporation is a party, except as is described below.
3. The undersigned acknowledges that the information in this Section 3 is correct:
  - A. Debt Service Coverage Ratio: \_\_\_\_\_
  - B. Days Cash on Hand: \_\_\_\_\_
4. To the best of his/her knowledge, the Corporation has kept, observed, performed and fulfilled each and every such covenant, provision and condition on its part to be performed and no Event of Default or noncompliance has occurred.

*[or]*

An Event of Default or noncompliance under the Agreement has occurred and is continuing. Such Event of Default or noncompliance and the actions the Corporation is taking to remedy or terminate such Event of Default or noncompliance are described below:

\_\_\_\_\_  
*[description of Event of Default and remedial actions being taken]*

\_\_\_\_\_  
*[description of noncompliance, if any]*

**IN WITNESS WHEREOF**, I have hereunto subscribed my name as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

**LIBERTY CHARTER ACADEMY**

By: John O'Day  
Title: Chairman

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