



# Liberty Charter Academy

## Special Board Meeting

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### Date and Time

Thursday January 16, 2025 at 6:00 PM EST

### Location

1701 Westchester Dr., High Point, NC 27262

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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			
<b>C.</b> Read the Mission Statement		John O'Day	1 m
<b>II. Facility</b>			<b>6:02 PM</b>
<b>A.</b> Discussion and approval of 503 Capital Partners Term Sheet	Vote	Taft Morley	15 m
<b>III. Finance</b>			<b>6:17 PM</b>
<b>A.</b> Discussion and Approval of Attorney and Financial Advisor	Vote		10 m

	Purpose	Presenter	Time
<b>B.</b> Discussion and approval of reimbursement resolution	Vote		5 m
<b>IV. Closing Items</b>			<b>6:32 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

## Discussion and approval of 503 Capital Partners Term Sheet

<b>Section:</b>	II. Facility
<b>Item:</b>	A. Discussion and approval of 503 Capital Partners Term Sheet
<b>Purpose:</b>	Vote
<b>Submitted by:</b>	
<b>Related Material:</b>	Term Sheet - Liberty Charter Academy 011425.pdf



4000 West 114<sup>th</sup> Street, Suite 260  
Leawood, KS 66211  
913-279-0177  
[503capitalpartners.com](http://503capitalpartners.com)

January 10, 2025

John O'Day, Board Chairman  
Liberty Charter Academy

Dear Mr. O'Day,

On behalf of 503 Capital Partners ("**Lender**"), we are pleased that you have requested loan financing for the acquisition and renovation of the permanent campus location for the Liberty Charter Academy school, located at 1701 Westchester Dr., High Point, North Carolina. Upon your execution and return of the attached agreement, this shall constitute your application for financing on the terms and conditions set forth herein (the "**Application**").

This Application is not a commitment by Lender to extend or arrange financing. It is for discussion purposes only and is subject to Lender's satisfactory completion of its due diligence, internal credit approvals and satisfactory legal review (all of which shall be at the Lender's sole and absolute discretion).

Please indicate your agreement and acceptance of this Application by signing in the place provided below and returning one fully executed copy to Lender. If such acceptance is not received by Lender by January 17, 2025, this Application shall expire and be of no further force and effect.

Sincerely,

A handwritten signature in blue ink, appearing to read "Nathan Vallette", is written over a large, faint, light blue watermark of the signature.

Nathan Vallette  
Partner & Originator



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### **Terms of Finance**

<b>Obligors:</b>	Liberty Charter Academy
<b>Issuer:</b>	TBD
<b>Trustee:</b>	TBD – UMB Bank preferred
<b>Location:</b>	1701 Westchester Dr., High Point, North Carolina
<b>Use of Funds:</b>	Finance acquisition of land and existing 128,658sf church facility, fund renovations, equipping of facilities, pay capitalized interest and pay issuance costs related to the bonds
<b>Closing Date(s):</b>	Estimated around or before February 28, 2025
<b>Bonds (Par Value):</b>	Not to Exceed \$18,875,000
<b>Original Issue Discount:</b>	Tax-Exempt: \$900,000 (approximately 5% of Tax-Exempt Par Value)
<b>Coupon:</b>	8.15% Tax-Exempt (paid quarterly) 12.00% Taxable (paid quarterly) if applicable
<b>Bond Structure:</b>	Drawdown Bonds; approx. 2 draws of no less than \$3,500,000 (schedule to be determined prior to closing). Project to be fully funded within 4 months of closing.
<b>Amortization:</b>	Interest Only
<b>Maturity:</b>	10 Years
<b>Capitalized Interest:</b>	An Estimated \$1,322,000 in Capitalized Interest to be funded at closing, to be used in the first 24 months post-closing. The specific amount of capitalized interest will be determined and agreed upon prior to closing.



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**Borrower's Call  
Option:  
(Tax-Exempt and  
Taxable Bonds)**

Anytime after 48 months post-final-funding @105% Par Value;

**Lender's Put Option:  
(Tax-Exempt)**

March 31, 2031 @ 105% Par Value

**Covenants:**

Debt Service Coverage: 1.10x through FY27, 1.20x thereafter  
Maturity; 30 DCOH in FY27, 45 DCOH FY28 and 60 DCOH  
thereafter. Consultant call-in for financial covenant violations,  
impairment to charter or any accountability  
warnings/probations from the state or authorizer; Any  
additional debt subject to Bondholder's consent;

**Reporting  
Requirements: (Posted  
on EMMA)**

Annual audit within 180 days of fiscal year end; Quarterly  
internal financials and enrollment by grade within 45 days of  
quarter end; Board approved Annual Budget by July 1st each  
fiscal year

**Security:**

Gross Revenue Pledge; First Mortgage/Security Interest in Real  
and Personal Property; DACA/Payment Intercept (if  
applicable); Account Control Agreement

503 Capital Partners has approval rights for any general  
contractor, developer or financier the School wishes to contract  
with to fund and complete all required  
preconstruction/construction activities prior to closing  
(entitlements/zoning/permitting, etc.).

Construction Completion Guaranty: A guaranteed maximum  
price construction contract (GMP) with a fully bonded  
(payment and performance) and experienced contractor  
("Contractor") will be required. Construction Contract to  
include acceptable liquidated damages, contingency, insurance  
and retainage provisions. The Construction Contract shall be  
collaterally assigned to the Trustee as security for the Bonds.



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If applicable, through maturity any CMO/EMO School Management Fees will be subordinate to the Series 2025 Bonds. A Construction Monitor will be required by 503 Capital Partners and will be in place prior to closing.

Development Fee to be paid 1/3 at closing, 1/3 throughout project, 1/3<sup>rd</sup> at final completion. Development Fee percentage not to be charged on costs related solely to financing (capitalized interest, Original Issue Discount, Due Diligence Fee, or closing costs/fees). Any Development Fee or Note will be subordinate to the Series 2025 Bonds.

A Phase 1 environmental report as well as a Property Condition Report (PCR) will need to be ordered and reviewed by 503 Capital Partners prior to closing. Any property zoning/use issues must be settled/completed by closing.

**Key Person Provision:**

The involvement of Mary Catherine Sauer and American Traditional Academies in this transaction is highly important to that of 503 Capital Partners. Barring any Academic, Operational, or Legal issues that could put the school at-risk of sanctions or closure the School will consent to keep those parties in place until time of school stabilization or the first call option date whichever is deemed the later of the two by 503 Capital Partners.

**Non-Advisory Due Diligence Fee:**

\$225,000 (upon successful closing) for pre-investment due diligence by 503 Capital Partners, to be paid from bond proceeds at closing.



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**Submitted on behalf of 503 Capital Partners this 10<sup>th</sup> day of January 2025.**

A handwritten signature in blue ink, appearing to read 'Nathan Vallette', is written over a horizontal line.

**Nathan Vallette**  
**Partner & Originator**

**Accepted on behalf of Liberty Charter Academy this \_\_\_\_ day of January 2025.**

\_\_\_\_\_  
**John O'Day**  
**Board Chairman**



# Coversheet

## Discussion and Approval of Attorney and Financial Advisor

**Section:** III. Finance  
**Item:** A. Discussion and Approval of Attorney and Financial Advisor  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:**  
FA Services Agreement - Liberty Charter Academy.pdf  
Work Order #1 - Liberty Charter Academy.pdf  
Liberty Charter Academy - McGuireWoods Engagement Letter 01.16.25(200116540.1).pdf



## FINANCIAL ADVISORY SERVICES AGREEMENT

This Agreement (this “**Agreement**”) is made by and between Liberty Charter Academy (the “**Client**”) and First Tryon Advisors, LLC (the “**Advisor**”), as of the date acknowledged and accepted by the Client below (the “**Effective Date**”).

In consideration of the mutual covenants contained in this Agreement, the parties hereby agree with respect to financial advisory services to be provided by the Advisor to the Client as follows:

### SERVICES

The Advisor, as an independent contractor and not as an employee, shall provide financial advisory services to the Client as specified from time to time in the work order or work orders in the form attached to this Agreement as Exhibit A (collectively, if more than one, the “**Work Order**”), perform all work and deliver all requisite work product (the “**Deliverables**”) in connection therewith (collectively, together with the Deliverables, the “**Services**”). The Advisor agrees to perform the Services in accordance with the highest professional standards applicable to the performance of like services. As part of such Services, Client may periodically request reasonable written reports concerning the Advisor’s progress, project status and other matters pertaining to the Services, and the Advisor shall promptly provide such reports to Client at no additional charge.

Client may, from time to time, request that the Advisor perform additional Services (“**Additional Services**”). If the Advisor accepts such assignments, the parties shall agree to the parameters of the Additional Services to be undertaken by executing a new or revised Work Order in the form of Exhibit A. The Additional Services shall be considered “**Services**” under this Agreement and shall be performed in accordance with, and subject to the terms and conditions of, this Agreement and the Work Order specifying the Services to be performed.

Nothing contained in this Agreement shall constitute making or appointing the Advisor an agent of the Client. The Advisor shall not (a) hold itself out contrary to the terms of this Agreement; (b) enter into any agreement on behalf of the Client or bind the Client in any way; or (c) make any representation, agreement, act or commission contrary to the terms of this Agreement.

The parties agree that Affiliates (as defined below) of Advisor and Affiliates of Client may execute Work Orders in accordance with the provisions of this Agreement. In such event, the applicable Affiliate of such party executing any Work Order shall, for purposes of such Work Order, be considered “Advisor” and the “Client” as those terms are used in this Agreement, insofar as it relates to any such Work Order, shall be deemed to be a two-party agreement between First Tryon or its applicable Affiliate on the one hand and Client or its applicable Affiliate on the other hand. As used in this Agreement, an “Affiliate” of an entity is another person or entity which controls, is controlled by or is under common control with such entity, and the term “control” of an entity shall mean the power to unilaterally direct the policies and management of such entity, whether through the ownership of voting securities or otherwise.

### CLIENT MATTERS

With respect to any matter described in this Agreement, nothing in this Agreement shall limit the Client’s unqualified right, in the Client’s discretion, (a) to reject in whole or in part any advice, suggestion, counsel or proposal made by the Advisor; or (b) to make any decision the Client deems to be in the best interests of the Client.

The Client represents that (a) it has taken all necessary action to authorize the Client’s execution, delivery and performance of this Agreement and (b) it has obtained all consents, approvals and authorizations necessary for the Client’s execution and delivery of this Agreement and the performance of its obligations under this Agreement.

## **TERM**

This Agreement shall commence on the Effective Date and thereafter shall remain in effect unless terminated in accordance with the provisions under the “**TERMINATION**” heading below. The Advisor shall render Services to Client for the period (the “**Term**”) set forth in the applicable Work Order.

## **PERSONNEL**

The Advisor’s Services under this Agreement shall be rendered solely by (a) its individual employees or (b) individuals or entities that are not employees of the Advisor that have been engaged by the Advisor to perform Services under this Agreement on the Advisor’s behalf (collectively, the “**Third Parties**”), in each case as specified in the Work Order (collectively, the “**Personnel**”). The Advisor represents any such Personnel are qualified to perform the Services and have been assigned by the Advisor to work with the Client pursuant to this Agreement. The Advisor certifies that after hiring an employee to work in the United States, the Advisor shall verify the work authorization of the employee through E-Verify (or any replacement procedure).

## **FEES**

Upon the performance by the Advisor of all of its obligations under this Agreement and in an applicable Work Order, and as full compensation for Services performed by the Advisor to Client, Client agrees to pay to the Advisor, and the Advisor agrees to accept, a fee for Services as rendered on the basis set forth in the Work Order. In no event shall Client be obligated to pay any fees accrued in excess of the Estimated Cost set forth in the Work Order, or accrued in respect of services not described in the Work Order, without the written consent of Client.

In establishing fees, the Advisor takes into account multiple factors, including the efficiency with which the work was done, the result achieved, the complexity of the matter and any special experience or expertise applied to it, any extraordinary scheduling or preemptive attention devoted to the project, and the degree of professional responsibility or liability undertaken by the firm.

Unless specifically provided otherwise in the applicable Work Order, the Advisor shall invoice Client upon completion of the Services performed under the applicable Work Order. Invoices will be paid within 30 days of Client’s receipt and acceptance of a proper invoice in accordance with the applicable Work Order.

## **TERMINATION**

Either party shall have the right to terminate any or all of the Services, any or all Work Orders or this Agreement without cause and in its sole discretion upon 30 days’ prior written notice.

In the event of any termination of any Services, Work Order or this Agreement as set forth above, the Client shall pay the Advisor only for those Services performed, and reimbursable expenses incurred, before the effective date of termination; provided, however, that the Client shall have no liability for any further charges in respect of Services performed or expenses incurred after such termination date. Upon termination of this Agreement, the Advisor shall be relieved of any further obligations to provide services under this Agreement or any applicable Work Order.

## **MISCELLANEOUS**

The provisions of this Agreement constitute the entire agreement of the parties as to the matters addressed in this Agreement and supersede any prior understanding not specifically incorporated in this Agreement. No changes to this Agreement or waiver of any of the terms of this Agreement shall be made except in writing signed by the Client and the Advisor. In addition, no Work Order applicable to this Agreement shall be binding on the Client unless executed by the Client and the Advisor. In the event of any inconsistency between a Work Order and the terms set forth in this Agreement, the terms of the applicable Work Order shall prevail.

## **GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina applicable to agreements made and to be fully performed therein.

## **NOTICES**

All notices, requests, demands or other communications in connection with this Agreement shall be in writing and shall be deemed to have been duly given if delivered in person, by a nationally recognized overnight courier service or by United States mail, postage prepaid, certified or registered, with return receipt requested, or otherwise actually delivered:

If to the Client at:

Liberty Charter Academy  
Attn: Board Chairman  
High Point, NC

If to the Advisor, at:

First Tryon Advisors, LLC  
Attn: Chief Compliance Officer  
6101 Carnegie Blvd, Suite 210  
Charlotte, NC 28209

## **LIMITATION ON LIABILITY**

NEITHER PARTY SHALL BE LIABLE FOR ANY CAUSE RELATED TO OR ARISING OUT OF THIS AGREEMENT, WHETHER IN CONTRACT, NEGLIGENCE OR TORT, IN EXCESS OF THE TOTAL FEES AND CHARGES PAID BY THE CLIENT FOR SERVICES RENDERED DURING THE TERM. NEITHER PARTY'S AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS SHALL BE LIABLE FOR ANY CAUSE RELATED TO OR ARISING OUT OF THIS AGREEMENT, WHETHER IN CONTRACT, NEGLIGENCE OR TORT.

## **HEADINGS**

The paragraph headings in this Agreement are solely for convenience of reference and shall not affect the interpretation of this Agreement.

## **ASSIGNMENT**

Each provision of this Agreement and all Work Orders shall inure to, and shall be legally binding on, the successors and assigns of the parties to this Agreement.

## **COMPLIANCE WITH LAW**

The Advisor will comply with all statutes, ordinances, and regulations of all federal, state, county and municipal or local governments, and of any and all the departments and bureaus thereof, applicable to the carrying on of its business and performance of the Services and its obligations under this Agreement.

## **SEVERABILITY**

If any term of this Agreement shall be held invalid, illegal or unenforceable in whole or in part, then neither the validity of the remaining part of such term nor the validity of any other term of this Agreement shall be in any way affected.

## **MUNICIPAL ADVISORY CLIENT EDUCATION AND PROTECTION**

The Advisor is registered with the U.S. Securities and Exchange Commission ("SEC") as a Municipal Advisor. As a registered Municipal Advisor, the Advisor is subject to the rules of the Municipal Securities Rulemaking Board ("MSRB"). The MSRB provides certain protections for municipal entities and obligated persons that are clients of a municipal advisor. For complete regulatory and educational information, visit the MSRB's website at [www.msrb.org](http://www.msrb.org). A municipal advisory client brochure is available on the MSRB website's (currently available at <https://www.msrb.org/sites/default/files/2022-09/MSRB-MA-Clients-Brochure.pdf>). The client brochure

Liberty Charter Academy

January 15, 2025

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describes client protections that may be provided under MSRB rules, including how to file a complaint with an appropriate regulatory authority.

#### **MUNICIPAL ADVISOR REGULATORY DUTIES**

MSRB Rule G-42 requires that municipal advisors provide disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history. Such disclosures are provided in the Advisor's Municipal Advisor's Disclosure Statement, which the Advisor has to this Agreement as Exhibit B.

Liberty Charter Academy

January 15, 2025


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**IN WITNESS WHEREOF**, the Client and the Advisor have duly executed this Agreement, and the Client has acknowledged and accepted the terms of this Agreement, as of the \_\_\_ day of January 2025.

**LIBERTY CHARTER ACADEMY**

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

**FIRST TRYON ADVISORS, LLC**

By:  \_\_\_\_\_  
Name: Christopher O. Wienk  
Title: Managing Director

## **EXHIBIT A**

### **WORK ORDER**

**WORK ORDER** to the Agreement dated \_\_\_\_\_, by and between \_\_\_\_\_ (the “Client”) and First Tryon Advisors, LLC (the “Advisor”).

#### **SERVICES**

Pursuant to this Work Order, the Advisor’s Services will include the following:

- [To be determined]

#### **TERM**

The term with respect to the Services to be performed under this Work Order shall end 30 days after the completion of the Services, unless terminated earlier in accordance with the Agreement.

#### **COMPENSATION**

In establishing fees, the Advisor considers multiple factors, including the efficiency with which the work was done, the result achieved, the complexity of the matter and any special experience or expertise applied to it, any extraordinary scheduling or preemptive attention devoted to the project, and the degree of professional responsibility or liability undertaken by the firm.

For services to be performed in connection with this Work Order, the Advisor shall be compensated as follows:

- [To be determined]

Such fees may vary if (1) the contemplated assignment changes materially during the course of the Term or (2) unusual or unforeseen circumstances arise which require a significant increase in the type or scope of the Advisor’s responsibilities. The Advisor will consult with the Client if at any time the Advisor believes that circumstances require an adjustment to its fee.

In addition to the compensation outlined above, the Client will reimburse the Advisor for out-of-pocket expenses incurred in connection with the Services. Customary out-of-pocket expenses include, without limitation, costs of travel, meals, lodging, printing/copying, etc. The Advisor will bill the Client for such expenses at cost, with no mark-up. The Advisor will not bill the Client for indirect costs such as phone and video conference services; instead, the Client will pay the Advisor an administrative expense fee equal to 4% of any invoiced fee for Services as reimbursement for costs not reasonably allocable on a client-by-client basis.

**The Advisor is firmly committed to demonstrating value to the Client throughout the financing process. If at any time the Client believes that the Services provided are not consistent with the fees charged by the Advisor, the Client may adjust the fee for such Services to any amount the Client deems appropriate.**

AGREED AND ACCEPTED this \_\_\_\_ day of \_\_\_\_\_, 2024:

**CLIENT'S NAME**

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

**FIRST TRYON ADVISORS, LLC**

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



**EXHIBIT B****MUNICIPAL ADVISOR DISCLOSURE STATEMENT**

Developing best practices for regulatory compliance and following the spirit, not just the letter, of any applicable regulation are central tenets of First Tryon Advisors, LLC (“First Tryon”). To that end, we are providing you with this Disclosure Statement of Municipal Advisor (this “Disclosure Statement”) to explain our fiduciary duties and commitment to you (the “Client”), as well as to provide you with certain disclosures that are required by the Municipal Securities Rulemaking Board (“MSRB”) Rule G-42 (“Rule G-42”), which became effective on June 23, 2016.

**FIDUCIARY DUTY:** In the conduct of all municipal advisory activities for the Client, First Tryon is subject to a fiduciary duty that includes a Duty of Loyalty and a Duty of Care.

First Tryon’s Duty of Care includes, but is not limited to, the following:

- First Tryon must possess the degree of knowledge and expertise needed to provide the Client with informed advice.
- First Tryon must make a reasonable inquiry as to the facts that are relevant to the Client’s determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Client.
- First Tryon must undertake a reasonable investigation to determine that it is not basing any recommendation on materially inaccurate or incomplete information. Among other matters, First Tryon must have a reasonable basis for:
  - any advice provided to or on behalf of the Client;
  - any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the Client, any other party involved in the municipal securities transaction or municipal financial product, or investors in the Client’s securities or securities secured by payments from the Client; and
  - any information provided to the Client or other parties involved in the municipal securities transaction in connection with the preparation of an official statement for any applicable issue of municipal securities.

First Tryon’s Duty of Loyalty includes, but is not limited to, the following:

- First Tryon must deal honestly and with the utmost good faith with the Client and act in the Client’s best interests without regard to First Tryon’s financial or other interests.
- First Tryon may not engage in municipal advisory activities for the Client if First Tryon cannot manage or mitigate its conflicts of interest in a manner that will permit it to act in the Client’s best interests.

**FIRST TRYON’S RECOMMENDATIONS TO CLIENTS:** Rule G-42 requires that our advisors have a reasonable basis to believe that any recommendation First Tryon makes to the Client is suitable for the Client, based on the information obtained through our reasonable diligence. If the Client requests a review of another party’s recommendation, our advisors must determine, based on the information obtained through our reasonable diligence, whether the recommendation is suitable for the Client.

In addition, First Tryon must inform the Client of:

- our evaluation of the material risks, potential benefits, structure, and other characteristics of the recommended municipal securities transaction or municipal financial product; and
- the basis upon which First Tryon reasonably believes that the recommendation (or reviewed recommendation) is or is not suitable for the Client; and - whether our advisors have investigated or considered other reasonably feasible alternatives to the recommendation that might also serve the Client’s objectives.

**PROHIBITED ACTIVITIES:** Rule G-42 prohibits First Tryon, and any other municipal advisor, from engaging in the following activities:

- receiving compensation that is excessive in relation to the municipal advisory activities actually performed;
- delivering an invoice for fees or expenses for municipal advisory activities that is materially inaccurate in its reflection of the activities actually performed or the personnel that actually performed those activities;
- making any representation or the submission of any information that First Tryon knows or should know is either materially false or materially misleading due to the omission of a material fact about the capacity, resources or knowledge of First Tryon, in response to requests for proposals or qualifications or in oral presentations to the Client or another prospective client, for the purpose of obtaining or retaining an engagement to perform municipal advisory activities;
- making, or participating in, any fee-splitting arrangement with underwriters on any municipal securities transaction as to which it has provided or is providing advice, and any undisclosed fee splitting arrangements with providers of investments or services to the Client; and
- making payments for the purpose of obtaining or retaining an engagement to perform municipal advisory activities.

**MANDATORY DISCLOSURES REGARDING CONFLICTS:** Under Rule G-42, First Tryon must disclose to you in writing any actual or potential material conflicts of interest, including:

- any First Tryon affiliate that provides any advice, service or product to or on behalf of the Client that is directly related to the municipal advisory activities to be performed by First Tryon;
- any payments made by First Tryon, directly or indirectly, to obtain or retain an engagement to perform municipal advisory activities for the Client;
- any payments received by First Tryon from a third party to enlist First Tryon's recommendation to the Client of its services, any municipal securities transaction or any municipal financial product;
- any fee-splitting arrangements involving First Tryon and any provider of investments or services to the Client; and
- any conflicts of interest arising from compensation for municipal advisory activities to be performed that is contingent on the size or closing of any transaction as to which First Tryon is providing advice; and - any other actual or potential conflicts of interest, of which First Tryon is aware after reasonable inquiry, that could reasonably be anticipated to impair First Tryon's ability to provide advice to or on behalf of the Client in accordance with the fiduciary duty it owes to the Client.

Please be aware of the following actual or potential material conflicts of interest related to our role as your advisor:

- *Contingent Fees Based on closing & size of transaction:* First Tryon represents that in connection with the issuance of municipal securities, First Tryon may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, First Tryon hereby discloses, that such contingent and/or transactional compensation may present a potential conflict of interest regarding First Tryon's ability to provide unbiased advice to enter into such transaction. While this form of compensation is common in the municipal advisor sector, the contingent fee arrangement could create an incentive for the municipal advisor to recommend unnecessary financings or financings that are disadvantageous to the Client, or to advise the Client to increase the size of the issue. This potential conflict of interest will not impair First Tryon's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Client.
- *Hourly Fees:* First Tryon may be compensated using an hourly fee structure with First Tryon's aggregate fee

amount equaling the number of hours worked by its personnel multiplied by an agreed-upon hourly billing rate. While this form of compensation is common in the municipal advisor sector, it presents a potential conflict of interest because it could create an incentive for the municipal advisor to recommend alternatives that would result in more hours worked. This conflict of interest will not impair First Tryon's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Client.

- *Fixed Fees:* First Tryon may be compensated based on a fixed amount established at the outset of the assignment. The fixed fee amount is usually based upon an analysis by the Client and First Tryon's of, among other things, the expected duration and complexity of the transaction and the Scope of Services to be performed by First Tryon. While this form of compensation is also common in the municipal advisor sector, it presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the municipal advisor may suffer a loss. Thus, the municipal advisor may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. This conflict of interest will not impair First Tryon's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Client.
- *Increased Cost:* We wish to also make you aware that the fee paid to First Tryon increases the cost of transactions completed by the Client. The increased cost occurs from compensating First Tryon for municipal advisory services provided.
- *Other Advisory Clients:* First Tryon serves a wide variety of clients that may from time to time have interests that could have a direct or indirect impact on the interests of another First Tryon client. For example, First Tryon serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the Client. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, First Tryon could potentially face a conflict of interest arising from these competing client interests. First Tryon fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with the Client.

We believe the following factors enable First Tryon to manage and mitigate the conflicts described above:

- *Fiduciary Duty:* First Tryon's commitment to the fiduciary duty it owes the Client serves as a general mitigating factor for any conflict of interest. Taken together, the Duty of Care and the Duty of Loyalty require First Tryon to deal honestly and in good faith with the Client and to act in the Client's best interests, without regard to First Tryon's financial or other interests.
- *Business Model and Capitalization:* First Tryon is well-capitalized, and its business model is not dependent on maximizing short-term revenues from any single advisory client or recommendation. Instead, First Tryon's business model and profitability are dependent on cultivating long-term client relationships based on a demonstrated track record of putting our clients' interests first.
- *Supervisory Structure:* First Tryon has the experience, expertise and infrastructure reasonably designed to achieve compliance with its regulatory obligations. The firm's supervisory structure, which includes a Chief Compliance Officer, and other safeguards ensure that our advisors understand, and act in accordance with, the fiduciary duty First Tryon owes to each of its clients.

**MANDATORY DISCLOSURES REGARDING DISCIPLINARY EVENTS:** Under Rule G-42, First Tryon must disclose to you in writing (1) any legal or disciplinary event that is material to the Client's evaluation of First Tryon or the integrity of its management or advisory personnel and (2) the date of the last material change or addition to the legal or disciplinary event disclosures on any Form MA or Form MA-I filed with the SEC by First Tryon, along with a brief explanation of the basis for the materiality of the change or addition.

- *Material Legal or Disciplinary Events:* First Tryon does not have any legal events or disciplinary history on

First Tryon's Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation.

- *How to access Form MA and Form MA-I:* First Tryon's most recent Form MA and each most recent Form MA-I filed with the SEC may be accessed electronically at the following website: [www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html).
- *Most Recent Change in Legal or Disciplinary Event Disclosure:* There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against First Tryon, we will provide complete disclosure to the Client in detail.

**FUTURE DISCLOSURES:** As required by Rule G-42, First Tryon will, throughout the course of its engagement with the Client, promptly notify the Client in writing to supplement or amend this Disclosure Statement as may be necessary in connection with (1) any changed circumstance that results in new, material conflicts of interest or material changes to the conflicts of interest described above or (2) any required update to First Tryon's disciplinary event information.

If you have any questions or concerns about this Disclosure Statement or the information above, please make those questions or concerns known immediately. In addition, the Client should consult with its own legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.



6101 Carnegie Boulevard, Suite 210  
Charlotte, NC 28209

122 Severn Avenue  
Annapolis, MD 21403

## WORK ORDER NUMBER 1

**WORK ORDER** to the Agreement dated January 15, 2025, by and between Liberty Charter Academy (the “**Client**”) and First Tryon Advisors, LLC (the “**Advisor**”).

### **SERVICES**

The Advisor will provide the following Services under this Work Order:

- **Transaction Execution**
  - Prepare and maintain a detailed financing calendar for the financing, incorporating any required notices, Board actions, public hearings and other financing milestones identified by the Client or its counsel,
  - Produce quantitative schedules outlining sources and uses of funds, debt service requirements, escrow cash flows, and other data required by the Client or its bond counsel in connection with the financing,
  - Coordinate activities, meetings and conference calls among the members of the working group,
  - Serve as the primary point of contact between the Client and the conduit issuer and assist in the preparation of any related application materials,
  - Prepare the Client for, and participate in, any meetings and calls with conduit issuer staff, including, if applicable, preparation of customary materials for any required in-person “pre-application” meeting,
  - Assist in procuring any additional professionals or working group participants necessary to complete the financing (e.g., verification agent, trustee, etc.),
  - Advise the Client regarding current bond market conditions and other developments that would normally be expected to influence interest rates for the financing,
  - Coordinate all closing logistics to help ensure a smooth closing and to reduce demands on the Client’s staff and
  - Provide ongoing responses to any related questions and perform other customary tasks that might arise during the course of the financing.

### **TERM**

The term with respect to the Services to be performed under this Work Order shall end 30 days after the completion of the Services described above, unless terminated earlier in accordance with the Agreement.

## **COMPENSATION**

In establishing fees, the Advisor considers multiple factors, including the efficiency with which the work was done, the result achieved, the complexity of the matter and any special experience or expertise applied to it, any extraordinary scheduling or preemptive attention devoted to the project, and the degree of professional responsibility or liability undertaken by the firm.

For services to be performed in connection with this Work Order, the Advisor shall be compensated **a flat fee of \$45,000**, payable upon the closing of the Client's proposed project.

Such fees may vary if (1) the contemplated assignment changes materially during the course of the Term or (2) unusual or unforeseen circumstances arise which require a significant increase in the type or scope of the Advisor's responsibilities. The Advisor will consult with the Client if at any time the Advisor believes that circumstances require an adjustment to its fees.

In addition to the compensation outlined above, the Client will reimburse the Advisor for out-of-pocket expenses incurred in connection with the Services. Customary out-of-pocket expenses include, without limitation, costs of travel, meals, lodging, printing/copying, etc. The Advisor will bill the Client for such expenses at cost, with no mark-up. The Advisor will not bill the Client for indirect costs such as telephone, fax, and conference call services; instead, the Client will pay the Advisor an administrative expense fee equal to 4% of any invoiced fee for Services as reimbursement for costs not reasonably allocable on a client-by-client basis.

**The Advisor is firmly committed to demonstrating value to the Client throughout the financing process. If at any time the Client believes that the Services provided are not consistent with the fees charged by the Advisor, the Client may adjust the fee for such Services to any amount the Client deems appropriate.**

Liberty Charter Academy

Work Order Number 1

January 15, 2025


Page 3 of 3

AGREED AND ACCEPTED this \_\_\_ day of January, 2025:

**LIBERTY CHARTER ACADEMY**

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

**FIRST TRYON ADVISORS, LLC**

By:  \_\_\_\_\_  
Name: Christopher O. Wien  
Title: Managing Director



**McGuireWoods LLP**  
201 North Tryon Street  
Suite 3000  
Charlotte, NC 28202-2146  
Phone: 704.343.2000  
Fax: 704.343.2300  
www.mcguirewoods.com

**Lisa M. Williams**  
Direct: 704.373.8093  
lwilliams@mcguirewoods.com  
Fax: 704.444.8728

January 16, 2025

Via email: mcsauer@atacademies.com

Liberty Charter Academy  
c/o Mary Catherine Sauer  
7013 Mustang Ct.  
Summerfield, NC 27358

Re: Public Finance Authority (the “Authority”) Education Facilities Revenue Bonds (Liberty Charter Academy) Series 2023 (the “Bonds”)

Dear Mary Catherine:

We appreciate you reaching out to McGuireWoods LLP (“McGuireWoods”) to work with Liberty Charter Academy (the “Client” or the “School”) as bond counsel and borrower’s legal counsel in connection with the issuance of the above referenced Bonds and the loan of the proceeds thereof to the School to finance the acquisition and renovation of an existing building to be used for the operation of the School (the “Matter”). This letter, along with the attached McGuireWoods Standard Engagement Terms (dated 1 January 2023), state the terms of our engagement (“Engagement Agreement”), unless we mutually agree on different terms and confirm them in writing. Please review this letter and the attached terms, and contact me if you have any questions about the Engagement Agreement.

1. **Experience.** McGuireWoods has many years of experience working with charter schools. We have a strong group of lawyers on the Charter School group within our Education Industry Team, who work with charter schools on a wide range of issues. In North Carolina, we have represented more than 35 charter schools when financing their facilities, including interim financing, long term bond financing, leases, acquisitions, and construction contracts.

2. **Nature and Scope of Services.** In this Matter, McGuireWoods will provide both bond counsel and borrower’s counsel services to the School. We understand that the Bonds will be purchased by 503 Capital Partners in a private placement (the “Purchaser”), and that no offering document will be required for the transaction.

**Bond Counsel.** As bond counsel, we will be responsible for rendering an objective legal opinion with respect to the authorization and issuance of the Bonds, the validity and binding effect of the Bonds, and, as applicable, the exclusion from gross income of interest thereon for Federal income tax purposes (the “Bond Opinion”). To do this, we will prepare the various resolutions of the Authority’s board and such closing documents, certificates and opinions of counsel as may be required by the terms of the financing and applicable Federal and state laws. We will also prepare the indenture of trust providing for the issuance of the Bonds, and a loan agreement evidencing the loan of the proceeds thereof to the School to be used to acquire and renovate the building (the “Project”). We will also prepare a deed of trust with respect to the



January 16, 2025

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Project securing the School's obligations under the loan agreement. We will arrange for public hearings and obtaining necessary approvals as required by federal tax law and by the state statute under which the Authority was formed.

Upon delivery in form satisfactory to us of all required documentation and certification of certain facts on behalf of the Authority, the Foundation and the Academy, we will deliver our Bond Opinion. The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials, representatives of the Authority, the Foundation and the Academy, and other persons furnished to us without undertaking to verify the same by independent investigation. During the course of this engagement, we will further assume and rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and the plan of finance.

*School Counsel* As counsel to the School in the transaction, we will review legal issues relating to the structure of the bond issue, and will work closely with representatives of the working group on all aspects of this financing from structuring through closing. We will work with the title company to provide title policy required by the Purchaser, and will work with you and the third party providers on other real estate due diligence. We will provide an opinion as your counsel as to the status of the School under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and the enforceability of the bond documents against the School. We will draft the resolutions to be adopted by the School's Board of Directors.

Unless the previous paragraph limits the scope of our engagement, McGuireWoods will perform all services reasonably associated with our work on the Matter. If Client asks us to expand the scope of our work, and McGuireWoods agrees in writing to the expanded scope of work, the terms set out in the Engagement Agreement will apply to our work.

3. **Conflicts of Interest.** We would like to note that our Firm represents many political subdivisions, companies, and individuals. It is possible that during the time that we are engaged, we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Bonds, including in particular the bond trustee and any entity that acts as placement agent for the Bonds. We do not believe such representation will adversely affect our ability to serve as your counsel. We are requesting your consent to our continued representation of other entities involved in the transaction, including the trustee and the placement agent, in other, unrelated transactions while at the same time serving as your counsel for this matter. By executing this letter, you agree that McGuireWoods may continue to represent entities involved in this transaction on other, unrelated matters.

Three sections of the Standard Engagement Terms – Consent to Representing Adverse Parties in Unrelated Matters; Consent to Representing Other Clients Adverse to Client; and Competing Client Interests – confirm your prospective consent to certain future conflicts of interest. These provisions require no additional notice to you in the event we choose to rely on such prospective consents.

4. **Fees for Our Services.** The fee for our services in the Matter will be a fixed fee based on the final structure of the financing. Fees will be due at the closing of the Matter, and are expected to be paid from the proceeds of the Bonds. At this point we estimate that the fee for our work as bond counsel will be between \$60,000 and \$75,000, and our fee as School counsel will also be between \$60,000 and \$75,000.

5. **Additional Terms.** The attached Standard Engagement Terms set out additional terms that govern McGuireWoods' representation of Client in the Matter. Those terms are part of the Engagement Agreement. Please review them carefully and contact me if you have any questions or concerns.

January 16, 2025

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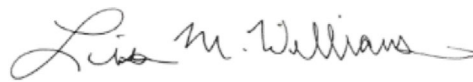
6. **Acceptance of Terms.** Please sign and return a copy of this letter to confirm your acceptance of the Engagement Agreement for the Matter.

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

McGuireWoods is pleased that the School has selected us to serve as counsel. We look forward to serving and working with you. Please contact me promptly if the Engagement Agreement does not set forth your understanding of the scope and terms of our engagement, and feel free to call me in the future if you have any questions or concerns.

Sincerely,

**McGuireWoods LLP**



By: Lisa M. Williams

ACCEPTED:

On behalf of Liberty Charter Academy, I have read this letter, understand its content and hereby acknowledge that McGuireWoods LLP has been engaged to serve in the capacity described herein, in accordance with its terms and conditions.

LIBERTY CHARTER ACADEMY

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

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

# **McGUIREWOODS LLP STANDARD ENGAGEMENT TERMS**

## **Who McGuireWoods Represents**

Our attorney-client relationship is limited to the person or entity identified in the attached engagement letter. McGuireWoods does not represent any other person or entity in the Matter unless we agree in writing to such representation.

That means, absent a written agreement to the contrary, if Client is a corporate entity or any other type of organization, we do not represent any of your parent entities, subsidiaries, affiliates, employees, members, officers, directors, shareholders, or partners in the Matter. Similarly, if Client is an individual, we do not represent any of your family members.

Because McGuireWoods does not represent any entity other than Client, we may represent other clients in matters unrelated to the Matter, including litigation, where our clients are adverse to persons or entities that are affiliated with you, without obtaining Client consent.

## **New Affiliations**

If Client becomes affiliated with another company via acquisition, merger, or other transaction, you will promptly notify us of the change so that we can assess whether the new affiliation creates any conflicts of interest for McGuireWoods or a situation where we may choose to no longer represent you. Our representation of Client cannot be assigned to a new entity without McGuireWoods' written consent.

## **Cooperation**

Client must disclose all facts of which you are aware and keep us advised of all developments relating to the Matter for McGuireWoods to represent Client effectively. We will contact Client at the most recent mailing and electronic addresses you provide. You agree to advise us of any changes to your contact information. If

Client is an organization, you also agree to advise us of any changes in your organizational structure, and when necessary, provide contact information for your successor.

We will keep you informed about the status of the Matter and answer any questions you may have.

## **Confidentiality**

McGuireWoods will not provide Client with any confidential information about our other clients, even if that information could be beneficial to you in the Matter. We will not provide Client's confidential information to any of our other clients.

## **Usage of Cloud Services**

McGuireWoods may use cloud services to transfer and store electronic data, including emails and documents containing confidential information. McGuireWoods evaluates third-party service providers that have access to confidential client information and requires their adherence to (i) industry standard frameworks for information security to protect the confidentiality, integrity, and availability of data, and (ii) applicable data protection laws. Cloud service providers the firm uses operate under service agreements that impose safeguards consistent with our legal and ethical obligations.

Although use of cloud technology creates a risk that unauthorized parties may access confidential information, Client agrees that the benefits of using cloud technology outweigh the risks of a breach of a cloud service provider's data environment resulting in the unauthorized disclosure of confidential information. Client consents to McGuireWoods using cloud services and agrees to hold McGuireWoods harmless from any breach of a cloud service provider's data environment resulting from actions or circumstances that are not within

# McGUIREWOODS LLP STANDARD ENGAGEMENT TERMS

McGuireWoods' direct control.

McGuireWoods has a secure, encrypted file transfer system and a secure extranet that facilitate safely storing and sharing information between Client and the firm. If Client requires McGuireWoods to use a cloud service that the firm normally eschews (due to data security concerns) to store, share or exchange documents or other information generated or exchanged in the course of the Matter, McGuireWoods assumes no responsibility for the security of the data or the provider's security standards.

Client understands that encryption keys held by cloud service providers give them full access to data stored on their platforms, and that cloud services providers may be legally compelled to produce Client data to government agencies pursuant to "blind subpoenas," with no notice to Client or McGuireWoods.

## **Outside Contractors and Service Providers**

McGuireWoods may use outside contractors and service providers to assist with certain areas of our practice and operations. For example, McGuireWoods may use consultants, advisors, experts, investigators, court reporters, translators, registered agents, local counsel, litigation support, courier services, and temporary or contract attorneys and paralegals. McGuireWoods may also employ service providers with special expertise in information technology, hardware and software systems, law firm practice management, accounting and financial matters, and electronic billing.

In the course of their work, some outside contractors and service providers may have access to confidential client and firm information. If that is the case for the Matter, the third-party service providers will operate under service agreements that are consistent with our legal and ethical obligations.

## **Consent to Representing Adverse Parties in Unrelated Matters**

You consent in advance to McGuireWoods accepting matters for parties whose interests are adverse to yours where the matters are unrelated to the work we do for you and do not involve you as a party. More specifically, if we are representing you in a matter adverse to a party that wishes to retain us to represent it in an unrelated transaction or litigation to which you are not a party, you consent in advance to McGuireWoods accepting that engagement. Of course, we will continue to protect the confidentiality of your information.

## **Consent to Representing Other Clients Adverse to Client**

In addition, McGuireWoods may be asked to represent other clients (meaning both existing clients and future clients) that may be Client's direct competitors or have business and legal interests that are contrary to your interests.

These clients may hire McGuireWoods for matters including, but not limited to, transactions, regulatory matters, lawsuits, and other dispute resolution proceedings. In these matters, our other client's interests may be or potentially may become directly adverse to your interests.

As a condition of our representation of Client in the Matter, you consent in advance to our representation of other clients in matters like the ones described in the previous paragraph, provided that the matter is unrelated to matters in which we represent you.

Obtaining a prospective consent from our clients helps McGuireWoods preserve our ability to represent a wide range of individuals and entities, including Client, and through these representations develop broad legal expertise. In connection with the

## McGUIREWOODS LLP STANDARD ENGAGEMENT TERMS

prospective consent, Client understands and agrees to the following:

1. You will not use any matter we handle for you to assert a conflict of interest or to otherwise seek to disqualify McGuireWoods from any matter adverse to you, provided that the matter is not related to work we have done for you.
2. You waive any conflict of interest that may exist and any other basis that may be used to disqualify McGuireWoods in such a matter.
3. McGuireWoods has given you the opportunity to consult with other counsel about this consent.
4. Your consent to our representation of other clients adverse to you on the terms set out above is voluntary and informed.
5. You intend for this consent to be enforceable and understand that McGuireWoods may rely upon it.

### **Competing Client Interests**

Our clients sometimes compete for the same assets (e.g., in the auction of a company). If the Matter involves this type of situation, you consent to our representation of other clients (i.e., competing bidders or purchasers) in the same matter.

Similarly, we may represent another client in obtaining patents or other intellectual property rights that may affect your interests, even though you are not involved directly in the matter as an adverse party. You consent to our handling such matters without disclosure to you, and you agree that you will not use our representation of you as a basis to seek disqualification of McGuireWoods from such a matter.

In situations like the ones described in the preceding two paragraphs, McGuireWoods will create separate teams for Client and each other client and will establish an “ethics screen” to prevent the exchange of

confidential information among the teams. Our duty of confidentiality may prevent us from identifying our other clients for you or disclosing your identity to our other clients.

### **McGuireWoods Consulting, LLC**

McGuireWoods Consulting, LLC (“MWC”) is a wholly owned subsidiary of the McGuireWoods law firm. MWC provides non-legal services, including government and public affairs, advocacy communications, infrastructure and economic development, and other strategic consulting services. MWC does not practice law. This engagement for legal services does not include MWC’s services or create a client relationship with MWC. If you choose to hire MWC, a separate engagement agreement with MWC will be established. You are not required to hire the McGuireWoods law firm to obtain MWC’s services, or vice versa. You acknowledge that you are not represented by MWC in the Matter, and you consent to MWC’s representation of other persons and entities on legislative, administrative, or other matters within MWC’s consulting purview that may adversely affect your interests, directly or indirectly, but are unrelated to the Matter.

### **Lobbying**

If any legal work provided by the McGuireWoods law firm is considered lobbying under U.S. federal or state laws, we may have certain registration and reporting duties about our activities on your behalf. We will bill you for the time spent preparing and filing any required reports.

### **Insurance Coverage**

You may have insurance coverage that is relevant to the Matter. Contact your insurance carrier to explore potential coverage for any claim or potential claim that may be involved in the Matter.



## **McGUIREWOODS LLP STANDARD ENGAGEMENT TERMS**

Unless we agree in writing to do so, McGuireWoods will not advise you on the availability of insurance coverage or indemnification from other parties for the fees, costs, and expenses related to the firm's work on the Matter.

If an insurance company pays your fees, costs, and expenses related to the Matter, you agree to pay any difference between what the insurer agrees to pay McGuireWoods, and the total amount due under the fee and payment terms described in the Engagement Agreement.

### **HIPAA**

If you are a "covered entity" (as defined by the Health Insurance Portability and Accountability Act ("HIPAA")) and our services will require the use of any protected health information, you should notify us before sending or discussing such information. Our standard practice is to execute a business associate agreement to comply with your obligations under HIPAA as a covered entity and our obligations as a business associate.

### **Marketing**

McGuireWoods shares transactional matter information with aggregators, legal directories, and rating services such as Bloomberg, Thomson Reuters, and Chambers and Partners. This is limited to high-level information regarding transactions, including identification of the parties involved. Those entities use such information in their league tables and rankings and for other similar purposes. We may also use such high-level information in firm marketing materials, such as "tombstones" and website experience descriptions. (We will provide samples of such materials and submissions upon your request.)

Unless you tell us otherwise, we may use information relating to transactions in which McGuireWoods has represented you for these limited purposes. In addition, you have our permission to identify McGuireWoods

and our lawyers in press releases and other announcements regarding transactions in which the firm represents you.

### **Costs and Expenses**

In addition to fees for the legal services described in the attached letter, McGuireWoods will charge you for all costs and expenses associated with our provision of services in the Matter. These charges may include, but are not limited to, travel expenses, delivery and courier services, photocopying, express mail, air courier services, online legal research, staff overtime, document reproduction, and court fees, and outside contractor and service provider costs and expenses related specifically to the Matter.

Unless Client makes special arrangements with McGuireWoods, Client is responsible for paying bills from outside contractors and service providers related to the Matter. McGuireWoods may instruct them to bill you directly for their services. Unless otherwise agreed, outside contractors and service providers are deemed to be directly engaged by Client even if their bills or invoices are addressed to McGuireWoods. If outside contractors or service providers send bills or invoices to us, we will re-direct them to you for payment. McGuireWoods may elect to pay some outside bills or invoices not exceeding \$1,000.00 or delay payment until you have reimbursed us. Client agrees to pay invoices for costs and expenses promptly upon receipt, and further agrees that while McGuireWoods is acting as the Client's counsel, we have the authority to use our best judgment in authorizing such expenditures.

Ediscovery services, if requested by Client, will be billed to Client by the hour as legal services at an agreed-upon rate. McGuireWoods will also bill Client directly for litigation support and technology services that Client engages the firm to provide in connection with the

## McGUIREWOODS LLP STANDARD ENGAGEMENT TERMS

Matter. Litigation support services may include database creation, as well as data review, storage, and retrieval. Technology services may include using data analytics and other data science techniques to extract knowledge and insights from data, creating dashboard platforms or using collaboration service platforms. Costs incurred for litigation support and other technology services provided by McGuireWoods will be billed by the hour. McGuireWoods may also bill Client pass-through expenses associated with the firm's use of technology licensed by third parties.

### **Billing**

We will keep accurate records of the time we devote to the Matter, including, but not limited to, conferences, negotiations, preparation of correspondence, factual and legal investigation, research and analysis, document preparation and revision, court appearances, travel on your behalf, and other Matter-related tasks. We record time in tenths of an hour, and our monthly billing statements will itemize the time devoted to the Matter as well as fees, costs, and expenses.

### **Payment Terms**

Our statements are due within 30 days after receipt, unless we enter into a written agreement providing a different term. Except in those instances in which we agree to a written contingent fee arrangement, the payment of our fee is not dependent upon the successful outcome of a matter.

Occasionally, clients have difficulty making timely payments. To avoid unfairly burdening other clients who pay amounts due in a timely manner with higher fees reflecting the costs we incur as a result of delinquent accounts receivable, McGuireWoods may assess a monthly service charge of 1 percent on unpaid balances, where allowed by law.

### **Audit Response Letters**

If Client hires an accountant to audit its financial statements, the accountant may want McGuireWoods to provide a written description of pending or threatened claims or lawsuits to which we have given substantive attention on Client's behalf. Audit requests are typically conveyed in a form letter the accountant asks you to send us. Even if such requests do not implicate our work for Client on the Matter, we will bill you for our services in responding to the requests on your behalf in accordance with the billing and payment provisions for the Matter.

### **Production of Client Information**

Client agrees to compensate McGuireWoods at our normal hourly rates, plus costs and expenses, for work done by the firm or its outside counsel where (1) McGuireWoods is requested or authorized by you or your authorized successor, or required by government regulation, subpoena or other legal process, to produce information or our personnel as witnesses with respect to our work for you in the Matter; (2) McGuireWoods is not a party to the proceeding in which the information is sought; and (3) the request for information arises out of or in connection with our work for you in the Matter. This obligation applies even if our representation of you has ended.

### **Termination**

Our attorney-client relationship with respect to the Matter will terminate without further notice when we complete the services for which you have retained us in the Matter.

You may terminate our representation of you at any time by notifying us in writing. Termination of our services will not affect your responsibility (1) to pay McGuireWoods' fees for services rendered and costs and expenses incurred before the engagement was terminated, and (2) when necessary, to

## McGUIREWOODS LLP STANDARD ENGAGEMENT TERMS

facilitate an orderly transition of your matter to new counsel.

Subject to applicable law and rules of professional conduct, McGuireWoods may terminate our representation of you during the Matter if you do not pay fees, costs, and expenses in a timely manner. We also reserve the right to withdraw from our representation of you as required or permitted by the applicable rules of professional conduct upon written notice to Client. If we terminate the representation, we will take reasonable steps to protect Client's interests in the Matter. Client agrees to take all action necessary to end the representation, including executing any documents necessary to perfect our withdrawal as your counsel. For example, if a court or other adjudicator requires permission for withdrawal, we will promptly request such permission, and Client agrees not to oppose our request.

### **Post-engagement Responsibility**

After completion of our engagement, changes may occur in applicable laws and regulations that could affect your rights and liabilities. Unless Client specifically re-engages McGuireWoods after completion of our engagement in the Matter to provide additional advice on such issues, McGuireWoods has no continuing obligation to advise you on any future legal developments that may pertain to the Matter.

### **Subsequent Matters**

If McGuireWoods agrees to handle additional matters for Client in the future, and McGuireWoods does not propose new engagement terms, the Engagement Agreement will apply to the new representations, except for terms relating to the nature and scope of services to be provided, and conflicts of interest, which will be separately addressed.

### **Record Retention**

At the conclusion of the Matter, we will return to you any records that you or your authorized successor specifically request us, in writing, to return. McGuireWoods may keep copies of records we return in accordance with our then-current record retention policy and the applicable rules of professional conduct.

When we close a completed matter, the firm discards duplicate documents and other inconsequential materials. Although our record retention policy is subject to change, we currently store hard copy and electronic records for seven years after we close a matter in accordance with our internal procedures. After seven years, or the period established by the firm's then-current record retention policy, stored records may be destroyed, with no further notice to you, except for records of continuing significance, such as wills, bonds, and stock certificates. Upon receipt of a written request from you or your authorized successor, McGuireWoods will return or transfer your records at any time before they are destroyed.

### **Opinions**

Any opinion we offer about the outcome of the Matter is an expression of our legal judgment, not a promise or guarantee. Our opinion is limited by our factual knowledge and is based on current law when the opinion is provided.

### **Indemnity**

Client understands and agrees that McGuireWoods will not provide any contractual indemnity to Client or any Client affiliate; local or co-counsel; consultant or expert witness; outside vendor, contractor or service provider; or any other third party in connection with the Matter.



## **MCGUIREWOODS LLP STANDARD ENGAGEMENT TERMS**

### **Severability**

If any term of the Engagement Agreement is to any extent invalid, illegal, or incapable of being enforced, such term shall be excluded to the extent it is invalid, illegal, or unenforceable. All other terms will remain in full force and effect. To the extent permitted and possible, an invalid or unenforceable term shall be deemed replaced by a term that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term.

### **Internal Legal Advice**

During our representation of you, our lawyers may have questions about their legal and ethical obligations. These lawyers may seek advice from our internal counsel, including lawyers in our Office of General Counsel and other lawyers who assist the Office of General Counsel and do not work on the Matter.

You agree that:

1. For the purpose of seeking advice, we may disclose your confidential information to our internal counsel.
2. You waive any conflicts of interest that could arise when one or more of our internal counsel address issues concerning you and any other current clients of the firm.
3. Any advice given by such counsel will be protected by the firm's attorney- client privilege, both during and after our representation of you.

### **Notice for Texas Matters**

The State Bar of Texas investigates and prosecutes professional misconduct committed by Texas attorneys. Although not every complaint against or dispute with a lawyer involves professional misconduct, the State Bar's Office of Chief Disciplinary Counsel will provide you with information about how to file a complaint. Call 1-800-932-1900 for more information. In addition,

McGuireWoods subscribes to the professionalism principles contained in the [Texas Lawyers' Creed](#).

### **Notice for California Non-Contingency Matters**

Upon request by Client, McGuireWoods shall provide a bill to Client no later than 31 days following the date the most recent bill was provided. The Client may make similar requests at intervals of no less than 30 days following the initial request. In responding to Client requests for billing information, McGuireWoods may use billing data that is currently effective on the date of the request, or, if any fees or costs to that date cannot be accurately determined, they shall be described and estimated.

### **Advice of Other Counsel**

You understand that the Engagement Agreement is legally binding. You have the right, and have had a reasonable opportunity, to ask another lawyer to review and advise you about the advisability of accepting the terms of the Engagement Agreement, including but not limited to the scope of the engagement; fee, cost and payment provisions; and the consents requested and provided.

### **Entire Agreement**

The attached letter and these Standard Engagement Terms constitute the Engagement Agreement between McGuireWoods and Client regarding the Matter. You acknowledge that there are no other agreements (either oral or written) with McGuireWoods regarding the Matter. No additional terms, or modification or waiver of any previously agreed upon terms, are valid unless agreed to in writing by both McGuireWoods and Client.

# Coversheet

## Discussion and approval of reimbursement resolution

**Section:** III. Finance  
**Item:** B. Discussion and approval of reimbursement resolution  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:**  
Liberty Charter Academy Inc. -Reimbursement Resolution(200103701.2).doc

## LIBERTY CHARTER ACADEMY

### RESOLUTION AUTHORIZING THE EXPENDITURE OF FUNDS BY LIBERTY CHARTER ACADEMY FOR A CAPITAL PROJECT AND THE REIMBURSEMENT OF SUCH EXPENDITURES WITH PROCEEDS OF FUTURE TAX-EXEMPT BORROWINGS IN ACCORDANCE WITH THE TREASURY DEPARTMENT'S REIMBURSEMENT REGULATIONS

**WHEREAS**, Liberty Charter Academy is a North Carolina nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Borrower"); and

**WHEREAS**, the Internal Revenue Service has issued Treasury Regulation Section 1.150-2, the final regulations with respect to the use of proceeds of tax-exempt bonds for reimbursement purposes (the "Reimbursement Regulations"); and

**WHEREAS**, the Borrower, or an affiliate of the Borrower, plans to undertake the financing of certain capital expenditures, including the acquisition, construction, renovation, furnishing and equipping of a new charter school building and other related capital improvements (the "Project"); and

**WHEREAS**, in order to comply with the Reimbursement Regulations, the Board of Directors of the Borrower finds it to be necessary and desirable to advance monies from its funds on hand for various costs and expenditures for the Project and to be reimbursed for such costs and expenditures for the Project with proceeds of future tax-exempt borrowings to be incurred by the Borrower or an affiliate of the Borrower;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF LIBERTY CHARTER ACADEMY THAT:

**Section 1. Expenditure of Funds.** The Borrower may advance monies and make expenditures as needed from funds on hand or otherwise to pay costs and expenditures for the Project until proceeds are available from future tax-exempt borrowings incurred by the Borrower or an affiliate of the Borrower.

**Section 2. Declaration of Official Intent.** The Borrower hereby officially declares its intent pursuant to the Reimbursement Regulations to reimburse capital expenditures of the Borrower for the Project with proceeds of future tax-exempt borrowings, incurred by the Borrower or an affiliate of the Borrower, in a principal amount not expected to exceed \$15,000,000.

**Section 3. Confirmation of Prior Acts.** All prior acts and doings of the officials, agents and employees of the Borrower which are in conformity with the purpose and intent of this Resolution shall be and the same hereby are in all respects ratified, approved and confirmed.

**Section 4. Effective Date of Resolution.** This Resolution shall take effect immediately upon its passage.

The foregoing resolution was adopted at a meeting of the Board of Directors of Liberty Charter Academy that was duly called and held on January \_\_, 2025.

By: \_\_\_\_\_  
Secretary, Board of Directors