

August 8, 2024

**FROM:** Campanile Group, Inc.  
John Phan, Principal

**TO:** Board of Directors  
AIMS K-12 College Prep Charter District  
171 12th St, Oakland, CA 94607

**RE:** Disclosure and Engagement Letter

Dear Board of Directors,

This letter specifies the terms of the engagement between Campanile Group, Inc. (“Advisor”) and AIMS K-12 Collect Prep Charter District (the “School”).

This engagement between the School and Advisor shall become effective as of the date of its acceptance as provided below.

### **Scope of Services**

- Act as an independent fiduciary advisor representing the interests of the School throughout the financing process;
- Act as a resource to the School in regard to providing information related to charter school financing structures, market trends, market rates and terms, etc.;
- Design and assist in implementing financing strategies;
- Prepare analysis and reports showing affordability of the project;
- Assist in developing the plan of finance and related transaction timetable;
- Seeking proposals from financing participants including underwriter, bond counsel, trustee, disclosure counsel, etc., if applicable;
- Assist in evaluating and selecting financing participant proposals;
- Develop and draft a detailed financing schedule for working group;

- Assist with administrative duties such as drafting distribution list and sending out calendar reminders related to financing;
- Coordinate financing calls or calls as necessary with working group to achieve financing schedule;
- Draft call agendas and monitor financing task to meet financing schedule;
- Lead weekly calls on behalf of the financing team;
- Draft/submit conduit issuer application and coordinate issuer approval process for tax-exempt financing;
- Provide good faith estimates in accordance with California Government Code Section 5852.1 for tax-exempt financings;
- Make recommendations on all aspects of the financing including, but not limited to, the timing of the financing, call provisions, marketing, and other structuring aspects;
- Devise and recommend a financing plan for obligations to be issued, including maturity schedules and other terms and conditions;
- Prepare information for credit presentations, schedule and assist in the presentations, and act as a liaison with the lenders, credit agencies, providing information as needed;
- Monitor and control fees and expenses incurred in connection with completion of the financing;
- Assist in closing details and post-closing duties;
- Assist in other matters necessary or incidental to the issuance and administration of debt obligation;
- Provide oversight of underwriting services;

- Review and verify reasonableness of financial covenants – e.g., debt service coverage test, days cash on hand, additional debt test, short term borrowing allowance – and other non-financial covenants;
- Provide advice regarding market conditions, structuring and marketing;
- Provide interest rate pricing comparable transactions to School and underwriting team;
- Evaluate the sales process including analyzing bids, reviewing spreads, analyzing and market levels;
- Review final cash flows;
- Undertake pre-pricing analysis prior to sale; advise and help in the negotiation with respect to pricing on the day of sale; and
- Unless otherwise provided above, Advisor is not responsible for preparing any preliminary or final official statement, or for certifying as to the accuracy or completeness of any preliminary or final official statement, other than with respect to any information about Advisor provided by Advisor for inclusion in such documents.

**Scope of Services: Continuing Disclosure (if applicable)**

- Create calendar reminders detailing the disclosure requirements for the timely dissemination of the reports;
- Provide a summary document that provides all continuing disclosure requirements;
- Collect the necessary financial and statistical information necessary from staff, auditors or any other source as required;
- Coordinate and facilitate annual conference calls with investors;
  - Provide agenda and help highlight credit information investors seek;
  - Record conference call as required;
- Assemble the information in a format the investors are accustomed to seeing;
- Help calculate the financial covenants (i.e Debt Service Coverage and Days Cash on Hand);

- Transmit the reports to the Municipal Securities Rulemaking Board’s (MSRB) nationally recognized data repository known as EMMA; and
- The services provided under this Agreement are limited to the services described above unless otherwise agreed to in writing by Advisor; and
- Under the terms of this Agreement, Advisor is not responsible for determining whether any Annual Report makes an untrue statement of material fact or omits to state any material information or to make any determination with respect to the “materiality” of a significant event or whether such event reflects “financial difficulties” of the School.

### **Independent Registered Municipal Advisor (“IRMA”)**

If acting in the capacity of an Independent Registered Municipal Advisor (“IRMA”) with regard to the IRMA exemption of the SEC Rule, Advisor will review all third-party recommendations submitted to Advisor in writing by the School.

### **Term of Engagement Agreement**

The commencement date of the agreement is the date of execution and the end date is three years after the effective date or at the successful close of the transaction, whichever occurs first. Any extensions must be mutually agreed upon by all parties in writing.

### **Compensation and Out-of-Pocket Expenses**

After the completion of the affordability analysis, a fee of \$5,000 is due and payable. The remaining compensation and expenses for activities to be performed for this engagement is contingent upon the successful sale and closing of the transaction and is payable from the proceeds of the loan or bond.

The advisory fee that will be set forth in the bond indenture (or similar document) costs of issuance requisition to be determined and entered into in connection with the issuance of the bonds or loan. Such amount shall apply to this agreement as if set forth herein. The advisory fee will be based on the complexity and the time required to complete the transaction. As a reference, over the past year, our fees on other charter school financings have ranged from \$90,000 to \$150,000. We expect the School’s transaction to be within this range.

Continuing Disclosure Agent (if applicable)

Annual fee of \$5,500 related to continuing disclosure services for quarterly and annual disclosure reports and annual investor calls, payable at closing and on the anniversary of the closing.

**Termination of Engagement Agreement**

The School may terminate the whole or any part of this Agreement at any time and without cause by giving sixty (60) days written notice to Advisor of such termination and specifying the effective date thereof. Advisor shall discontinue all Services affected by such termination within sixty (60) days of receipt of such notice, unless otherwise instructed by the School in writing. Advisor may terminate this agreement by giving the School sixty (60) days written notice.

In the event Services are terminated by the School and financing is successfully issued, Advisor will be compensated pro-rata for services provided up to the termination date.

**Conflicts of Interest and Other Matters Requiring Disclosures**

Advisor agrees to provide to the School disclosures required by Municipal Securities Rulemaking Board (“MSRB”) Rule G-42 and Rule G-10 (the “Disclosures”), which are attached here as Appendix A. Advisor agrees to promptly amend or supplement the Disclosures to reflect any material changes or additions, which shall be delivered to School and incorporated by reference as of the date thereof into this Agreement to the same extent as if set forth herein.

**Miscellaneous**

During the term of the municipal advisory relationship, this Agreement will be promptly amended or supplemented to reflect any material changes in or additions to the terms or information within this Agreement and the revised writing will be promptly delivered to the School. If there are any questions regarding the above, please do not hesitate to contact Advisor.

If the foregoing terms meet with your approval, please indicate your acceptance by executing this letter and returning an electronic copy.

Sincerely,



John Phan  
Principal  
Campanile Group

AIMS K-12 College Prep Charter District

Print Name: \_\_\_\_\_

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

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

Authorized Representative

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

## APPENDIX A

### Conflicts of Interest and Other Disclosures

Advisor makes the following disclosures with respect to material conflicts of interest in connection with its Agreement with the School, together with explanations of how Advisor addresses or intends to manage or mitigate each conflict. To that end, with respect to all of the conflicts disclosed below, Advisor mitigates such conflicts through its adherence to its duty of loyalty and duty of care to the School. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below.

- Advisor represents that in connection with the issuance of municipal securities, Advisor may receive compensation from the School 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, Advisor hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding Advisor's ability to provide unbiased advice to enter into or complete such transaction. While contingent compensation is customary in the municipal securities market, it presents a conflict because it could create an incentive for Advisor to advise the School to complete a financing or to alter the structure of a financing in order to ensure compensation for Advisor.
- As of the date of the Agreement, there are no other material conflicts of interest that Advisor is aware of that might impair its ability to render unbiased and competent advice or to fulfill its statutory duties to the School.
- The fee paid to Advisor increases the cost of investment to the School. The increased cost occurs from compensating Advisor for municipal advisory services provided.
- Advisor does not act as principal in any of the transaction(s) related to this Agreement.
- Advisor does not have any affiliate that provides any advice, service, or product to or on behalf of the client that is directly or indirectly related to the municipal advisory activities to be performed by Advisor;
- Advisor has not made any payments directly or indirectly to obtain or retain the School's municipal advisory business;
- Advisor has not received any payments from third parties to enlist Advisor recommendation to the School of its services, any municipal securities transaction or any municipal finance product;
- Advisor has not engaged in any fee-splitting arrangements involving Advisor and any provider of investments or services to the School;
- Advisor does not have any other engagements or relationships that might impair Advisor's ability either to render unbiased and competent advice to or on behalf of the School or to fulfill its statutory duties to the School, as applicable; and

- Advisor does not have any legal or disciplinary event that is material to the School's evaluation of the municipal advisory or the integrity of its management or advisory personnel.

### **Legal Events and Disciplinary History**

Advisor does not have any legal events and disciplinary history on its 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. The School may electronically access Advisor's most recent Form MA and each most recent Form MA-I filed with the Commission by searching for "Campanile Group" at the following website: [www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html).

Within the Municipal Securities Rulemaking Board ("MSRB") website at [www.msrb.org](http://www.msrb.org), the School may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

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.