



## Navigator Schools

### NS Special Board Meeting

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#### **Date and Time**

Monday October 28, 2019 at 11:00 AM PDT

#### **Location**

Navigator Schools, Support Office, 650 San Benito Street, Suite 230, Hollister CA 95023

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#### Teleconference Locations

- Hollister Prep School, 881 Line Street, Hollister CA 95020
- Gilroy Prep School, 277 IOOF Avenue, Gilroy CA 95020
- Watsonville Prep School, 201 Brewington Avenue, Watsonville CA 95076
- 83 Great Oaks Boulevard, San Jose CA 95119
- 780 Broadway Street, Redwood City CA 94063
- 827 Broadway, Suite 300, Oakland CA 94607
- 2805 Bowers Avenue, Santa Clara CA 95051
- 2225 Lawson Lane, Santa Clara CA 95054

Individuals requiring a disability-related accommodation, modification, or auxiliary aid/service are encouraged to submit their requests to Sean Martin no less than 48-hours prior to the meeting. Phone: (831) 217-4894 | [Email](mailto:smartin@navigatorschools.org) (smartin@navigatorschools.org)

An archive of board meeting minutes is available for public view at the Navigator Schools Support Office, 650 San Benito Street, Suite 230, Hollister CA 95023.

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#### **Agenda**

## **I. Opening Items**

### Opening Items

- A.** Record Attendance and Guests
- B.** Call the Meeting to Order
- C.** Public Comments

The agenda provides time for public comments based on the collection of public comment forms.

## **II. Topical Items**

### CEO Support & Evaluation

#### **A.** WPS Facilities

K. Sved will lead a discussion regarding facilities for Watsonville Prep School.

#### **B.** Delegating Authority to CEO to Execute Letter of Intent

The Board will consider delegating authority to the CEO to execute a letter of intent regarding 407 Main Street, Watsonville CA (Board Resolution 2019-13).

#### **C.** Project Management Agreement With Pacific Charter School Development

The Board will vote on the approval of a project management agreement with Pacific Charter School Development to support the 407 Main Street project (Board Resolution 2019-11).

#### **D.** Architectural Services Agreement With Artik Art & Architecture

The Board will vote on the approval of an architectural services agreement with Artik Art & Architecture to support the 407 Main Street project (Board Resolution 2019-10).

#### **E.** Approval of Loan Agreement With Pacific Charter School Development

The Board will vote on the approval of a loan agreement with Pacific Charter School Development to support the 407 Main Street project (Board Resolution 2019-12).

#### **F.** Professional Services Agreement With Edgility

The Board will consider approving a professional services agreement with Edgility to support a staff compensation study (Board Resolution 2019-09).

## **III. Closing Items**

- A.** Adjourn Meeting

Board members will vote on the adjournment of the meeting.

# Coversheet

## WPS Facilities

**Section:** II. Topical Items  
**Item:** A. WPS Facilities  
**Purpose:** Discuss  
**Submitted by:**  
**Related Material:** WPS Facilities Memo and Docs.pdf



Date: October 25, 2019

To: Board of Directors

From: Kevin Sved, CEO

Subject: WPS Facilities

This memo outlines the key issues and planning related to short and long-term facilities for Watsonville Prep School (WPS). The objectives for this board agenda item are:

- 1) Provide an update on WPS facilities planning for 2020-21
- 2) Propose criteria for deciding long-term facilities
- 3) Analyze the 407 Main Street facility utilizing the proposed criteria
- 4) Frame the steps necessary to secure long-term facilities at 407 Main Street

**Current Status**

WPS is currently dependent on the Pajaro Valley Unified School District (PVUSD) for facilities on a year-to-year basis through Proposition 39. PVUSD is currently providing WPS with seven portable classrooms on the campus of E.A. Hall Middle School for the 2019-20 school year.

**Planning for 2020-21**

Proposition 39 Request

WPS will submit a Prop 39 request to PVUSD for additional classrooms at the E.A. Hall campus by November 1, 2019. The District is required to provide a preliminary 2020-21 facilities offer by February 1, 2020 and a final facilities offer by April 1, 2020. While we hope that PVUSD will do what is best for WPS families and provide suitable space at E.A. Hall, it is also important to prepare for alternatives as PVUSD is not required to offer additional classrooms at the E.A. Hall location.

Unless and until a long-term solution can be worked out with PVUSD, WPS will be subject to the annual uncertainties of Proposition 39 timelines and processes. There are several factors that make this process more difficult for WPS compared to GPS and HPS, including political dynamics and the fact that the campuses where GPS and HPS are located had larger numbers of available classrooms and related spaces to accommodate Navigator Schools.

**Criteria for Deciding Long-Term Facilities**

One way to avoid the annual uncertainties of Prop 39 is to locate in a private facility. Table 1 below proposes key criteria to make a long-term facilities decision and rates the 407 Main Street building against those criteria.

**Table 1: Rating 407 Main Against Proposed Criteria**

<p>1) Is the location suitable: Is the location safe? Is it accessible to families?</p>	<ul style="list-style-type: none"> <li>● Traffic and crime are concerns</li> <li>● Area is central to families</li> </ul>
<p>2) Serves educational model: Does it allow us to deliver on our educational model? To what extent? Where are the challenges?</p>	<ul style="list-style-type: none"> <li>● Site fits full TK-8th grade classrooms</li> <li>● Play space limited to indoors</li> </ul>
<p>3) Stakeholder input: Are the parents and staff generally supportive of the site?</p>	<ul style="list-style-type: none"> <li>● Parent feedback is mixed</li> <li>● Staff feedback is mixed</li> </ul>
<p>4) Financial feasibility: Is it financially feasible, short term and long-term, for the school?</p>	<ul style="list-style-type: none"> <li>● Attached budgets show Years 1-4 with low projected net income and could require borrowing for cash flow</li> <li>● Longer-term is feasible</li> </ul>
<p>5) Risk of current situation: How high is the risk of the current situation if we don't do a private facility deal?</p>	<ul style="list-style-type: none"> <li>● Space is limited on current campus</li> <li>● Past engagement with board indicates moderate to high risk</li> </ul>
<p>6) Priority level within portfolio: How do the school's facilities needs compare to the needs of the other schools?</p>	<ul style="list-style-type: none"> <li>● GPS is most secure, then HPS</li> <li>● Watsonville has the highest needs</li> </ul>
<p>7) Organizational financial risk: Is the financial exposure organization-wide acceptable?</p>	<ul style="list-style-type: none"> <li>● Short-term exposure is about \$250k</li> <li>● If financed with New Market Tax Credit, long-term exposure could be limited to \$325k (one year's debt service) or less.</li> </ul>

Based on the criteria above, 407 Main Street is not an ideal solution. However, the potential the property provides as a viable long-term facility merits serious board consideration. In preparation to potentially establish 407 Main Street as a long-term facilities solution for WPS, staff have prepared the following documents for consideration:

- 1) A Letter of Intent with the building owners
- 2) Architectural services contract to develop construction drawings for 407 Main Street
- 3) Project management agreement to secure professional guidance to deliver the project
- 4) A \$250,000 loan agreement to help fund pre-construction costs required to prepare the project for contractor bidding and city approval

**Timeline**

With city approval by March 2020, there is a strong possibility that the school could be ready by December 2020. PCSD has a more aggressive timeline that could allow for August 2020

occupancy, but a December 2020 occupancy seems more feasible. In either case, WPS is applying for Prop 39 space for 2020-21.

**Risk Analysis**

Table 2 below identifies risks associated with 407 Main Street.

**Table 2 Risk Analysis of 407 Main**

Risk Factor	Mitigation of Risk Factor
The attached budgets indicate low number of days of cash on hand for WPS in first five years of lease	Adding an additional class of K-1 students in the early years would increase revenues. WPS could borrow to meet cash flow challenges. Additional fundraising could help provide a cushion.
SB 740 funding, the state’s rent reimbursement program for charter schools, is not guaranteed	While SB 740 has not always fully funded, risk is mitigated in that the projection of \$1,000/year is approximately 85% of funding level.
The long-term budget projections are based on 75% of students qualifying for free or reduced price lunch or English learner status. If these numbers go down, projected revenues will be reduced, making the lease more difficult to afford.	Current unduplicated numbers are 91%. The charter prioritizes enrollment for residents of Watsonville, where the schools average 85%+ FRL. Continuing to push recruitment in the local area would help mitigate this risk.
Owner/developer does not meet the tight construction timeline	WPS would still apply for 2020-21 Prop 39 facilities as a backup plan. The facilities fees from PVUSD for 2019-20 are approximately \$30,000, so paying a similar amount in 2020-21 for a backup plan would be affordable.
Not meeting enrollment targets	GPS and HPS both have extensive waiting lists and we anticipate the same will develop for WPS.
City Planning Commission or City Council will not approve project plans	Navigator and developer will continue to cultivate relationships with local leaders to mitigate political opposition.

**Summary**

Given the uncertainty of the annual Prop 39 process, the Board is asked to consider making a decision on 407 Main Street as a permanent home for Watsonville Prep.

**Attachments**

-Long-term budget projections

Watsonville Prep School - Projection  
 Long-Term Projection  
 2019-20 to 2025-26

	Year 1 2019-20	Year 2 2020-21	Year 3 2021-22	Year 4 2022-23	Year 5 2023-24	Year 6 2024-25	Year 7 2025-26
Enrollment	172	240	300	360	420	480	540
ADA	161.68	225.60	283.50	340.20	399.00	458.40	518.40
<b>REVENUE:</b>							
<b>8000 · Gnl Purpose Entitlement LCFF</b>							
8011 · Charter Schools General Purpose	1,061,359	1,572,434	1,964,003	2,389,895	2,853,649	3,215,212	3,636,058
8012 · Education Protection Account	32,336	45,600	56,940	68,280	79,800	91,680	103,680
8096 · Charter Schools in Lieu of Prop	674,940	926,918	1,193,406	1,475,060	1,772,519	2,036,213	2,302,733
<b>Total 8000 · Gnl Purpose Entitlement LCFF</b>	<b>1,768,635</b>	<b>2,544,952</b>	<b>3,214,349</b>	<b>3,933,235</b>	<b>4,705,968</b>	<b>5,343,105</b>	<b>6,042,470</b>
<b>Total 8100 · 8299 Federal Revenue</b>	<b>200,942</b>	<b>303,533</b>	<b>387,654</b>	<b>473,366</b>	<b>570,305</b>	<b>653,719</b>	<b>737,977</b>
<b>Total 8300 · 8599 State Revenues</b>	<b>145,313</b>	<b>418,662</b>	<b>530,421</b>	<b>641,999</b>	<b>759,661</b>	<b>872,471</b>	<b>986,420</b>
<b>Total 8600 · 8699 Other Local Revenue</b>	<b>18,428</b>	<b>18,742</b>	<b>23,705</b>	<b>28,715</b>	<b>33,907</b>	<b>36,350</b>	<b>38,817</b>
<b>Total 8800-89 · Donations</b>	<b>400,000</b>	<b>326,200</b>	<b>126,500</b>	<b>26,700</b>	<b>1,900</b>	<b>2,000</b>	<b>2,100</b>
<b>Total Revenue</b>	<b>2,533,318</b>	<b>3,612,088</b>	<b>4,282,629</b>	<b>5,104,015</b>	<b>6,071,741</b>	<b>6,907,645</b>	<b>7,807,784</b>
<b>EXPENSES:</b>							
<b>Salaries</b>	<b>1,237,309</b>	<b>1,651,286</b>	<b>1,952,116</b>	<b>2,281,539</b>	<b>2,617,175</b>	<b>2,753,938</b>	<b>3,014,992</b>
<b>Total Taxes &amp; benefits</b>	<b>292,689</b>	<b>458,980</b>	<b>570,295</b>	<b>666,018</b>	<b>781,158</b>	<b>826,918</b>	<b>924,733</b>
<b>Total 4000 · 4999 Books &amp; Supplies</b>	<b>443,185</b>	<b>291,869</b>	<b>372,348</b>	<b>446,004</b>	<b>523,451</b>	<b>593,191</b>	<b>652,234</b>
<b>5000 · 5999 Services &amp; Other Oper. Exp</b>							
5611 Rent - (407 Main Building Lease and Debt)	28,781	480,424	559,052	664,594	792,742	929,473	1,076,398
5611 Rent - Play space (middle school off-site)		0	0	0	29,504	45,583	62,601
5701 Tech-Software, R&M, SIS	98,730	53,856	68,666	84,048	100,017	114,305	128,593
5804 · CMO Management fee	303,609	356,293	450,009	550,653	658,836	641,173	664,672
<b>Total 5000 · 5999 Services &amp; Other Oper. Exp</b>	<b>679,382</b>	<b>1,169,534</b>	<b>1,401,336</b>	<b>1,666,722</b>	<b>2,017,481</b>	<b>2,211,513</b>	<b>2,455,136</b>
<b>Interest Expense</b>	<b>0</b>	<b>609</b>	<b>475</b>	<b>342</b>	<b>208</b>	<b>73</b>	<b>1,707</b>
<b>Total Expenses</b>	<b>2,652,565</b>	<b>3,572,278</b>	<b>4,296,569</b>	<b>5,060,624</b>	<b>5,939,472</b>	<b>6,385,633</b>	<b>7,048,802</b>
<b>Net Income - Accrual Basis</b>	<b>(119,247)</b>	<b>39,810</b>	<b>(13,940)</b>	<b>43,391</b>	<b>132,269</b>	<b>522,011</b>	<b>758,982</b>
Beginning of Year Fund Balance	124,995	5,748	45,558	31,618	75,008	207,277	729,289
<b>End of Year Fund Balance</b>	<b>5,748</b>	<b>45,558</b>	<b>31,618</b>	<b>75,008</b>	<b>207,277</b>	<b>729,289</b>	<b>1,488,271</b>
Fund Balance as a Percentage of Expenses	0.22%	1.28%	0.74%	1.48%	3.49%	11.42%	21.11%
<b>Cash Flow:</b>							
Net Income - Accrual Basis	(119,247)	39,810	(13,940)	43,391	132,269	522,011	758,982
Proceeds from Revolving Loan	250,000	0	0	0	0	0	0
Repayments of Revolving Loan		(49,732)	(49,866)	(50,000)	(50,134)	(50,268)	0
Change in Cash	130,753	(9,922)	(63,806)	(6,609)	82,135	471,743	758,982
Beginning Cash	124,996	255,749	245,827	182,021	175,411	257,546	729,290
Ending Cash	255,749	245,827	182,021	175,411	257,546	729,290	1,488,272
Cash per day of operation (expenses/365)	7267	9787	11771	13865	16273	17495	19312
Days of Cash on hand , beginning fund balance	17	1	4	2	5	12	38
Days of Cash on hand , beginning cash balance	17	26	21	13	11	15	38



**Combined Revenue and Expense**

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
<b>CMO</b>						
Donations & Grants	495,000	500,000	500,000	400,000	100,000	100,000
Other Revenue	40,915	50,915	915	915	915	915
CMO Management Fees	1,871,856	1,864,736	2,011,190	2,408,828	2,924,793	3,162,723
<b>TOTAL REVENUE</b>	<b>2,407,771</b>	<b>2,415,651</b>	<b>2,512,105</b>	<b>2,809,743</b>	<b>3,025,708</b>	<b>3,263,638</b>
<b>TOTAL EXPENDITURES</b>	<b>2,396,962</b>	<b>2,397,880</b>	<b>2,499,119</b>	<b>2,791,943</b>	<b>2,931,675</b>	<b>3,010,322</b>
<b>REVENUE LESS EXPENDITURES</b>	<b>10,809</b>	<b>17,771</b>	<b>12,986</b>	<b>17,800</b>	<b>94,033</b>	<b>253,316</b>
<b>Net Income - GAAP Basis 2019-20</b>	<b>10,809</b>	<b>17,771</b>	<b>12,986</b>	<b>17,800</b>	<b>94,033</b>	<b>253,316</b>
Beginning Fund Balance	83,259	94,068	111,839	124,826	142,626	236,659
Ending Fund Balance	94,068	111,839	124,826	142,626	236,659	489,975
<b>GPS</b>						
LCFF Revenue	4,727,826	4,924,036	5,105,413	5,266,912	5,435,295	5,609,249
Federal Revenue	338,839	345,416	352,124	358,967	365,946	373,065
State Revenue	450,219	450,315	459,321	468,507	477,878	487,435
Donations & Grants	108,300	11,800	11,900	12,001	12,103	12,206
Other Revenue	110,670	112,816	115,005	117,238	119,516	121,839
<b>TOTAL REVENUE</b>	<b>5,735,854</b>	<b>5,844,383</b>	<b>6,043,763</b>	<b>6,223,625</b>	<b>6,410,737</b>	<b>6,603,794</b>
<b>TOTAL EXPENDITURES</b>	<b>5,489,251</b>	<b>5,619,693</b>	<b>5,794,905</b>	<b>5,971,681</b>	<b>6,155,080</b>	<b>6,345,117</b>
<b>REVENUE LESS EXPENDITURES</b>	<b>246,603</b>	<b>224,690</b>	<b>248,858</b>	<b>251,944</b>	<b>255,657</b>	<b>258,676</b>
<b>Net Income - GAAP Basis 2019-20</b>	<b>226,603</b>	<b>199,328</b>	<b>232,943</b>	<b>241,900</b>	<b>248,819</b>	<b>251,838</b>
Beginning Fund Balance	1,862,319	2,088,922	2,288,250	2,521,192	2,763,093	3,011,911
Ending Fund Balance	2,088,922	2,288,250	2,521,192	2,763,093	3,011,911	3,263,749
<b>HPS</b>						
LCFF Revenue	5,031,476	5,132,250	5,302,464	5,470,198	5,645,075	5,825,741
Federal Revenue	246,894	201,320	205,347	209,454	213,643	217,916
State Revenue	405,140	404,334	412,421	420,669	429,083	437,664
Donations & Grants	107,500	12,500	12,500	12,500	12,500	12,500
Other Revenue	73,517	74,987	76,487	78,017	79,577	81,169
<b>TOTAL REVENUE</b>	<b>5,864,527</b>	<b>5,825,391</b>	<b>6,009,219</b>	<b>6,190,838</b>	<b>6,379,877</b>	<b>6,574,990</b>
<b>TOTAL EXPENDITURES</b>	<b>5,623,532</b>	<b>5,620,810</b>	<b>5,792,221</b>	<b>5,968,236</b>	<b>6,150,822</b>	<b>6,339,984</b>
<b>REVENUE LESS EXPENDITURES</b>	<b>240,996</b>	<b>204,582</b>	<b>216,998</b>	<b>222,602</b>	<b>229,055</b>	<b>235,006</b>
<b>Net Income - GAAP Basis 2019-20</b>	<b>238,996</b>	<b>179,582</b>	<b>191,998</b>	<b>197,602</b>	<b>204,055</b>	<b>210,006</b>
Beginning Fund Balance	1,767,574	2,006,570	2,186,151	2,378,149	2,575,751	2,779,807
Ending Fund Balance	2,006,570	2,186,151	2,378,149	2,575,751	2,779,807	2,989,812
<b>WPS</b>						
LCFF Revenue	1,768,635	2,544,952	3,214,349	3,933,235	4,705,968	5,343,105
Federal Revenue	200,942	303,533	387,654	473,366	570,305	653,719
State Revenue	145,313	418,662	530,421	641,999	759,661	872,471
Donations & Grants	400,000	326,200	126,500	26,700	1,900	2,000
Other Revenue	18,428	18,742	23,705	28,715	33,907	36,350
<b>TOTAL REVENUE</b>	<b>2,533,318</b>	<b>3,612,088</b>	<b>4,282,629</b>	<b>5,104,015</b>	<b>6,071,741</b>	<b>6,907,645</b>
<b>TOTAL EXPENDITURES</b>	<b>2,652,565</b>	<b>3,536,921</b>	<b>4,248,038</b>	<b>5,045,258</b>	<b>5,952,726</b>	<b>6,436,543</b>
<b>REVENUE LESS EXPENDITURES</b>	<b>(119,247)</b>	<b>75,167</b>	<b>34,591</b>	<b>58,758</b>	<b>119,015</b>	<b>471,102</b>
<b>Net Income - GAAP Basis 2019-20</b>	<b>(119,247)</b>	<b>75,167</b>	<b>34,591</b>	<b>58,758</b>	<b>119,015</b>	<b>471,102</b>
Beginning Fund Balance	124,995	5,748	80,915	115,506	174,263	293,279
Ending Fund Balance	5,748	80,915	115,506	174,263	293,279	764,380
<b>Navigator</b>						
LCFF Revenue	11,527,937	12,601,238	13,622,226	14,670,345	15,786,338	16,778,095
Federal Revenue	786,675	850,269	945,125	1,041,786	1,149,894	1,244,700
State Revenue	1,000,672	1,273,310	1,402,163	1,531,176	1,666,622	1,797,571
Donations & Grants	1,110,800	850,500	650,900	451,201	126,503	126,706
Other Revenue	243,530	257,460	216,112	224,885	233,915	240,272
CMO Management Fees	1,871,856	1,864,736	2,011,190	2,408,828	2,924,793	3,162,723
<b>TOTAL REVENUE</b>	<b>16,541,470</b>	<b>17,697,514</b>	<b>18,847,716</b>	<b>20,328,222</b>	<b>21,888,064</b>	<b>23,350,066</b>
<b>TOTAL EXPENDITURES</b>	<b>16,162,310</b>	<b>17,175,303</b>	<b>18,334,283</b>	<b>19,777,118</b>	<b>21,190,303</b>	<b>22,131,966</b>
<b>REVENUE LESS EXPENDITURES</b>	<b>379,160</b>	<b>522,210</b>	<b>513,434</b>	<b>551,103</b>	<b>697,761</b>	<b>1,218,100</b>
<b>Net Income - GAAP Basis 2019-20</b>	<b>357,160</b>	<b>471,848</b>	<b>472,518</b>	<b>516,060</b>	<b>665,923</b>	<b>1,186,261</b>
Beginning Fund Balance	3,838,147	4,195,307	4,667,155	5,139,673	5,655,733	6,321,656
Ending Fund Balance	4,195,307	4,667,155	5,139,673	5,655,733	6,321,656	7,507,917

# Coversheet

## Delegating Authority to CEO to Execute Letter of Intent

**Section:** II. Topical Items  
**Item:** B. Delegating Authority to CEO to Execute Letter of Intent  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:** BR 2019\_13 LOI 407 Main Memo and Draft.pdf



Date: October 25, 2019

To: Board of Directors

From: Kevin Sved, CEO

Subject: Letter of Intent, 407 Main Street

### **Overview**

Navigator staff has been negotiating a letter of intent (LOI) with the owner of 407 Main Street, Watsonville, for several months. The letter of intent outlines the key business that will be in the lease, including the annual lease payments. The proposed terms include use of the entire second floor of the 407 Main Building of approximately 37,500 square feet, approximately 2,500 sf of ground floor space for an indoor playground, and an additional 700 square feet on the first floor for an exclusive entrance. Watsonville Prep School (WPS) will also have exclusive use of the alley immediately outside of its exclusive entrance during drop off and pick up hours.

The initial lease term totals 31 years, with six sequential one-year leases followed by a twenty-five year lease that increases by 2% per annum. The first six years of the lease is proposed in this way in order to qualify for the maximum eligible state reimbursement funding which only allows a lease to increase annually by a cost of living adjustment (COLA), typically around two-percent. This is a legal strategy that has been vetted by attorneys from both Kutak Rock and Young, Minney & Corr.

The lease terms are significantly below market rate in the early years based on the school's lower enrollment numbers. The lease terms are triple net (NNN) which means that the tenant shall pay a pro rata share of utilities, common area maintenance, and real estate tax. The proposed LOI is binding, and it provides for contingency period of 120 days for necessary approvals and entitlements, construction drawing development, and arranging financing. The LOI calls for a \$25,000 deposit that is refundable during the contingency period. Further details are described in the attached draft of the LOI.

### **Analysis**

The lease terms negotiated allow for WPS to secure a permanent home on a budget that is very tight in the first four years and more affordable in the longer-term as enrollment increases. The expected burden of property taxes during the first two years of the lease also negatively impact the budget. As a non-profit, beginning mid-way through year two, it is anticipated that these property taxes will be abated.

In the event that the project does not move forward due to reasons including construction bids not being affordable, financing not being secured, or the project is not being approved by the City of Watsonville, Navigator will not be bound by the LOI or the related lease to be developed

later. Furthermore, the \$25,000 security deposit is refundable during the 120-day contingency period.

**Recommendation**

It is recommended that the Board delegate authority to the CEO to execute the Letter of Intent in substantially the same form as attached, conditional upon the CEO consulting with the Board Chair and Board Treasurer on the final form of the document.

Attachments:

- Resolution
- Letter of Intent

## BOARD RESOLUTION 2019-13

*October 28, 2019*

### Authority of CEO to Execute Letter of Intent for 407 Main Street, Watsonville

A RESOLUTION OF THE BOARD OF DIRECTORS of Navigator Schools authorizing the CEO to execute a Letter of Intent for 407 Main Street, Watsonville, California:

WHEREAS Watsonville Prep School (WPS) has a need for long-term facilities;

WHEREAS 407 Main Street has been identified as a viable site for a future WPS;

WHEREAS a preliminary Letter of Intent has been negotiated with the owner of 407 Main Street concerning the lease and development of long-term facilities for WPS;

WHEREAS the proposed LOI is binding and provides for a contingency period of 120 days for necessary approvals and entitlements, construction drawing development, and arranging financing; and

WHEREAS The LOI requires a \$25,000 deposit that is refundable during the contingency period;

RESOLVED, the CEO of Navigator Schools is authorized to execute a Letter of Intent for 407 Main Street in substantially the same form as attached, conditional upon the CEO consulting with the Board Chair and Board Treasurer on the final form of the document.

This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of Navigator Schools at its regular meeting held on October 28, 2019 at Hollister, California.

\_\_\_\_\_  
Signature of Board Chair

Caitrin Wright

Navigator Schools, a California Nonprofit Public Benefit Corporation

The Secretary of the Corporation certifies that the above is true and copy of the resolution that was duly adopted at the dated meeting of the board of directors.

\_\_\_\_\_  
Signature of Secretary

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed name of Secretary

October 18, 2019

RE: Letter of Intent ("LOI") for lease of a portion of the property ("the Property") at 407 Main Street, Watsonville, CA from Hansen Family Trust (Landlord) (***DRAFT***)

Dear Mr. Hansen,

Navigator Public Schools, a California non-profit corporation ("***Navigator***"), is pleased to submit the offer below outlining the terms and conditions pursuant to which Navigator or an affiliated entity would be willing to lease the Property from Landlord. Navigator would like to lease and improve the second floor of the property, and sections of the first floor, located at 407 Main Street, Watsonville CA (the "Premises") for use as a TK-8 public charter school to serve its students starting in fall of 2020.

1. LANDLORD: Hansen Family Trust
2. TENANT: Watsonville Prep School, a California non-profit corporation, or an affiliated entity
3. USE: A TK-8 public charter school. Tenant shall have the right to sublease to an affiliated entity, subject to Landlord's approval which shall not be unreasonably withheld. During any occupancy of Tenant, no portion of the Property shall be used for marijuana or tobacco sales or use, or as a liquor store.
4. PREMISE ADDRESS: A portion of 407 Main Street, Watsonville, CA
5. LEASED AREA: Approximately 37,750 square feet on the second floor and approximately 2,500 square feet of enclosed play space on the first floor (collectively, the "Premises"). The Premises will also include a dedicated first floor entrance, 20 parking spaces and a dedicated loading zone in front of the SW corner of the building to be available at pick up and drop off times. Each year after the 2020-2021 school year, four additional parking spaces will be added until school reaches full enrollment in 2025-26 when 40 parking spaces will be allocated.
6. LEASE COMMENCEMENT: Upon execution of the Lease.
7. CONTINGENCY PERIOD: Tenant shall have up to 120 days from the execution of LOI to conduct all investigations necessary to determine the feasibility of development of the Premises for its intended use, including, but not limited to, obtaining all required permits and approvals from the City of Watsonville and any other governmental entity with authority over tenants use of the Premises. The contingency period will also be used by tenant to obtain financing for the Tenant Improvements from a federally insured lender on terms and conditions acceptable to Tenant in its sole discretion.
8. RENT COMMENCEMENT: Rent commencement shall be July 1, 2020
9. LEASE TERM: Six (6) terms of one (1) year each from and after the Rent Commencement, one twenty-five (25) year term with two 5-year extension options. (The seven (7) separate leases totaling 31 years will

be executed concurrently so Tenant is able to fulfill the requirements of the SB 740 regulations related to rent increases beyond an annual COLA.)

10. RENT: 2020-2021 school year: annual rent \$56,664 + NNN  
2021-2022 school year: annual rent \$167,912 + NNN  
2022-2023 school year: annual rent \$281,266 + NNN  
2023-2024 school year: annual rent \$402,852 + NNN  
2024-2025 school year: annual rent \$530,191 + NNN  
2025-2026 school year: annual rent \$663,486 + NNN  
2026 – term: 2% annual escalation from preceding year + NNN
11. OPTION TO EXTEND Tenant shall have two 5-year options to extend the Term of the Lease after the cumulative 31-year lease period of the first seven signed lease agreements. Tenant shall provide a minimum of 180 days written notice prior to Lease Termination of its intent to exercise an Option to Extend. The Rent during each lease extension period shall continue at the same rate as the prior year’s rental rate plus a 2.0% escalator + NNN.
12. SIGNAGE: The Tenant shall be permitted to install signage on the exterior of the building, subject to Landlord’s approval which shall not be unreasonably withheld.
13. SECURITY DEPOSIT: \$25,000 to be paid within 10 days of execution of the LOI and fully refundable during the Contingency Period. After the expiration of the Contingency Period, Security Deposit to be applicable towards rent in the final year of the Lease. Should the tenant not proceed after the expiration of the contingency period said deposit shall be forfeited.
14. BROKER: Landlord and Tenant represent that there are no broker fees or commitments associated with this lease
15. LEASE FORM: The Tenant shall prepare a lease for Landlord’s review and approval within 20 working days of Landlord’s acceptance of the LOI. The lease will provide that Tenant has the right to record a leasehold mortgage or mortgages. The leasehold mortgage or mortgages will not encumber Landlord’s fee interest in the Property.
16. UTILITIES/EXPENSES The lease shall be a modified NNN basis. Tenant shall pay a pro rata share of utilities, common area maintenance, and real estate tax. Tenant shall provide janitorial services and garbage services at its own cost. Common area maintenance shall not include maintenance of structural elements.
- If the Landlord obtains a real estate tax exemption as a result of Tenant’s nonprofit public school status, it is assumed that any tax benefit recognized by Landlord is included in the proposed rent structure under Section 10.

17. INSURANCE:

Landlord shall insure the Building against loss by casualty in the amount of the full replacement cost of the Building. Landlord shall carry insurance naming the Tenant as an additional insured, insuring against loss, damage or liability for personal injury or death or loss or damage to the Property as a result of Landlord's use or ownership of the Property with a combined single limit of not less than \$2,000,000 and a deductible of not less than \$10,000. Tenant shall carry insurance naming the Landlord as an additional insured, insuring against loss, damage or liability for personal injury or death or loss or damage to the Property as a result of Tenant's use of the Premises with a combined single limit of not less than \$2,000,000 and a deductible of not less than \$10,000. Tenant shall further ensure that Pacific Charter School Development will maintain liability insurance naming Landlord as additional insured.

18. TENANT IMPROVEMENTS:

Tenant proposes to fund all costs associated with improving the Property for the purposes of operating a school on the entire 2nd floor, including 2,500 square feet of enclosed play space on the first floor. This includes funding of all design and permitting costs and paying for the construction costs associated with the proposed preliminary plans and specifications attached to this LOI which will be incorporated into the Lease agreement.

Tenant shall carry the full responsibility for the development of a set of final design documents on which all the Property improvements will be based. Tenant shall be responsible for obtaining all planning approvals and any other required permit approvals from the City of Watsonville. Landlord shall assist Tenant in obtaining the planning and permit approvals.

At present Tenant anticipates the total cost for the tenant improvement project including design, permitting, and financing origination fees will be \$ 5,000,000. Tenant will retain Pacific Charter School Development to act as its representative during the design, permitting and construction phases.

This Letter of Intent is a legally binding contract and is intended for the purpose of summarizing the principal business terms to be incorporated into a lease.

AGREED AND ACCEPTED:

Landlord

By:

Title:

Date:

AGREED AND ACCEPTED:

Tenant

By:

Title:

Date:



# Coversheet

## Project Management Agreement With Pacific Charter School Development

<b>Section:</b>	II. Topical Items
<b>Item:</b>	C. Project Management Agreement With Pacific Charter School Development
<b>Purpose:</b>	Vote
<b>Submitted by:</b>	
<b>Related Material:</b>	BR 2019_11 Project Mgmt Memo Proposal.pdf



Date: October 25, 2019

To: Board of Directors

From: Kevin Sved, CEO

Subject: Project Management Agreement with Pacific Charter School Development

### **Overview**

Pacific Charter School Development (PCSD) has supported Navigator Schools by providing feasibility analysis to Watsonville Prep School (WPS), Gilroy Prep, and Hollister Prep. PCSD has provided support services free of cost. For the last year the collaboration with PCSD has focused primarily on the viability of long-term WPS facilities at 407 Main Street. In the event that Navigator moves forward with plans to develop 407 Main Street site for long-term use by WPS, more significant project management support will be necessary. The attached agreement describes the project management services that PCSD will provide, encompassing all stages of the project including planning, design, construction, and post construction. The agreement is for \$100,200 to be paid monthly at the rate of \$8,335.

### **Analysis**

PCSD, led by James Hugas, has provided significant assistance in developing a viable solution to meet the long-term facility needs for WPS. James and the PCSD have significant experience delivering charter school facilities, and they have expertise in construction and project management as well as facilities financing. At an estimated project budget of \$5 million, the fees amount to 2% of project costs. This is below typical project management fees that range from 3.5%-5% for projects of this scale. This project management agreement was reviewed by attorneys Jessica Shaham and Richard Rosenblatt of Kutak Rock.

### **Recommendation**

It is recommended that the Board delegate authority to the CEO to execute the project management agreement in substantially the same form as attached, conditional upon the CEO consulting with the Board Chair and Board Treasurer on the final form of the document.

Attachments:

-Resolution

-Project Management Agreement

## BOARD RESOLUTION 2019-11

*October 28, 2019*

### Authorization to Execute Project Management Agreement

A RESOLUTION OF THE BOARD OF DIRECTORS of Navigator Schools authorizing the CEO to execute a project management agreement with Pacific Charter School Development (PCSD):

WHEREAS Watsonville Prep School (WPS) has a need for long-term facilities to house a full TK-8 grade program;

WHEREAS PCSD has supported Navigator Schools by providing feasibility analysis to WPS;

WHEREAS Navigator will need more significant project management support to complete the project;

WHEREAS PCSD has significant experience delivering charter school facilities; and

WHEREAS PCSD has expertise in construction and project management as well as facilities financing;

RESOLVED, the CEO of Navigator Schools is authorized to execute a project management agreement with PCSD for up to \$100,200 in substantially the same form as the attached agreement conditional upon the CEO consulting with the Board Chair and Board Treasurer on the final form of the document.

This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of Navigator Schools at its regular meeting held on October 28, 2019 at Hollister, California.

\_\_\_\_\_  
Signature of Board Chair  
Caitrin Wright  
Navigator Schools, a California Nonprofit Public Benefit Corporation

The Secretary of the Corporation certifies that the above is true and copy of the resolution that was duly adopted at the dated meeting of the board of directors.

\_\_\_\_\_  
Signature of Secretary

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed name of Secretary

PROJECT MANAGEMENT AGREEMENT

by and between

NAVIGATOR SCHOOLS  
and

PACIFIC CHARTER SCHOOL DEVELOPMENT, INC.

dated as of \_\_\_ September 2019

## PROJECT MANAGEMENT AGREEMENT

This Project Management Agreement (this "**Agreement**") is dated as of September \_\_, 2019 and effective as of September 15<sup>th</sup> 2019 ("**Effective Date**") by and between NAVIGATOR SCHOOLS a California non-profit public benefit corporation ("**Client**"), and PACIFIC CHARTER SCHOOL DEVELOPMENT, INC., a California non-profit public benefit corporation ("**PCSD**"), for project management services in connection with the project described on **Exhibit A** (the "**Project**"). Client and PCSD are herein referred to individually as a "**Party**" and collectively as the "**Parties**".

### RECITALS

Client desires to retain PCSD to provide Services (as defined herein) in support of the Project and PCSD is willing to provide such Services according to the terms and conditions contained herein.

### AGREEMENT

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

#### 1. **PCSD'S ENGAGEMENT AND SERVICES.**

##### 1.1 **Services.**

PCSD agrees to provide to Client project management services described in Exhibit B and elsewhere in this Agreement for the Project (collectively, the "**Services**"). PCSD shall provide commercially reasonable organization and management to perform such Services in an expeditious and economical manner consistent with the interests of Client.

##### 1.2 **Term.**

The "Term" of PCSD's engagement shall be deemed to have commenced as of the Effective Date and shall continue, subject to earlier termination or extension as provided below, until the earlier of (i) completion of the Project and (ii) sixteen (16) months from the Effective Date (the "Termination Date"). The Parties agree to negotiate in good faith an extension of the Term if the Project has not been completed by the Termination Date.

##### 1.3 **Changes to Services.**

Client may not make any changes to the Services, including additions, deletions, or revisions to its scope nor extend or shorten its duration, without PCSD's prior written consent, except for a termination for cause or convenience as provided below. The Parties agree to negotiate in good faith an equitable adjustment to the Project Management Fee (defined below) if there is a change in school type, change in program or change in the number of students by more than ten percent (10%), which results in a material increase in the scope or duration of Services.

##### 1.4 **Termination for Cause or Convenience.**

###### (a) **Termination for Cause.**

Either Party may terminate this Agreement for cause if the other Party (the “Breaching Party”) commits a breach of any part of this Agreement and does not cure such breach within ten (10) calendar days following receipt of the other Party’s (the “Non-Breaching Party”) written notice to the Breaching Party, in accordance with Section 7.2, of such breach demanding such cure. If such breach is curable but not within such initial ten (10) calendar day period, then the Non-Breaching Party shall grant the Breaching Party additional time to cure, provided that the Breaching Party provides within such ten (10) calendar day period a written cure plan that is reasonably acceptable to the Non-Breaching Party, and then diligently commences and continues such cure according to the approved written plan. Upon termination of this Agreement for any reason, including a termination for convenience, Client shall pay all amounts owed to PCSD for services rendered up to and including the termination date, including on a pro-rata basis for any Professional Services partially completed. However, if at any time following the allotted ten (10) calendar day cure period it is reasonably determined by the Non-Breaching Party in its sole discretion that the Breaching Party is either i) not diligently working to resolve such breach or ii) after a period of time it is reasonably apparent that it is unlikely to cure such breach within the amount of time previously set forth in the written cure plan, then upon notice to the Breaching Party and the earlier of i) an additional ten (10) calendar days or the end of the previously agreed upon amount of time set forth in the written cure plan, the Non-breaching Party may immediately terminate this Agreement for Cause.

(b) **Termination for Convenience.**

i.

i. **By Client.** Client may terminate this Agreement at any time, without cause, by giving PCSD not less than thirty (30) calendar days prior written notice of its election to terminate this Agreement. Unless a later date is specified in a termination notice given by Client pursuant to this Section 1.4(b) the termination shall be effective thirty (30) calendar days following the date the termination notice is received by PCSD. Upon termination for convenience, PCSD shall be entitled to the payment then due through the monthly period during which the effective date takes place.

ii. **By PCSD.** PCSD may terminate this Agreement at any time, without cause, by giving Client not less than forty-five (45) calendar days prior written notice of its election to terminate this Agreement. Unless a later date is specified in a termination notice given by PCSD pursuant to this Section 1.4(b) the termination shall be effective forty-five (45) calendar days following the date the termination notice is received by Client.

(c) **Effect of Termination.**

i. **Return of Materials.** In the event of any termination, PCSD shall deliver to Client a copy of all materials, or originals if legally required, relating to the Project received by PCSD from Client or received from third parties.

ii. **Payment of Fees.** Upon any termination of this Agreement, unless otherwise agreed to by the Parties in writing, PCSD shall discontinue the provision of any Services on the date the termination is effective. Upon termination, Client shall assume and become liable for all obligations, commitments, and unsettled claims that PCSD had previously undertaken or incurred in good faith on behalf of and with the consent of Client in connection with the Project and in accordance

with the terms of this Agreement. Client further acknowledges and agrees to take all further actions required to effectuate such assumption of liability at Client’s sole expense, unless this Agreement is terminated for Cause by Client in accordance with Section 1.4(a).

1.5. **No Fiduciary Responsibility.** The duties and obligations of PCSD hereunder shall be determined solely by the express provisions of this Agreement, and PCSD is not acting as a fiduciary for Client. PCSD shall not be liable to Client except as set forth in this Agreement and, consequently, no implied covenants or obligations or fiduciary duties shall be read into this Agreement against PCSD.

2. **PCSD AND CLIENT’S RESPONSIBILITIES.**

2.1 **PCSD Responsibility.**

PCSD shall perform the Services in a timely and professional manner, utilizing best practices consistent with the time constraints set forth in this Agreement. Client shall delegate to PCSD the overall responsibility for making decisions in respect to the Project consistent with PCSD’s scope of Services as defined herein, and after PCSD’s consultation with Client’s Representative. PCSD shall, subject to Section 1.3, accede to Client’s decisions in all such matters relating to the Services be provided so long as such decisions do not interfere with PCSD’s obligations or rights under this Agreement. PCSD shall be entitled to rely upon the accuracy and completeness of information, surveys, and reports provided by Client and parties acting by, through or on behalf of Client. PCSD’s initial representative for the Services provided is James Heugas. Such representative may be changed from time to time by PCSD for any reason following written notice to Client.

2.2 **Client Responsibility.**

(a) Client shall cooperate fully with PCSD’s efforts and requests in completing the tasks to be undertaken by PCSD under this Agreement.

(b) Client shall be responsible for paying all invoices for the Project, including those submitted to Client by PCSD that are received by PCSD from third parties and which PCSD has reviewed for accuracy, in a timely manner and before such invoices become past due. PCSD and Client shall cooperate to insure that all third party invoices submitted to PCSD are contemporaneously submitted to Client. PCSD shall endeavor to review invoices from third parties and provide the same with PCSD’s comments to Client no later than fifteen (15) days prior to the due date of such invoices.

(c) Client shall: (i) provide to PCSD full information regarding the Project; and (ii) designate a representative who shall be fully acquainted with the Project and have authority to approve matters requiring Client’s approval and to render decisions promptly. Client’s initial representative for the Project is Kevin Sved. Such representative may be changed from time to time by Client for any reason following written notice to PCSD.

3. **PROJECT MANAGEMENT FEE, PCSD LOAN & CLIENT CONTRIBUTION.**

3.1 PCSD’s fee for the Services will be ONE HUNDRED THOUSAND AND TWENTY Dollars (\$100,020) (the “**Project Management Fee**”) subject to adjustment as set forth in Section 1.3. The Project Management Fee will be billed on an equal monthly basis for twelve (12) months (that is, Eight

Thousand Three Hundred and Thirty Five Dollars (\$8,335 per month)). If the Project is completed in less than twelve (12) months, PCSD reserves the right to bill the balance of the Project Management Fee that remains unpaid immediately upon final Project completion. Each invoice will be due within fifteen (15) business days after receipt. A late fee of TEN PERCENT (10%) per annum or the maximum allowed by law, whichever is less, shall be due and payable for any invoices not paid within the aforementioned period.

3.2 **PCSD Loan.** PCSD may elect to extend a loan to Client in an amount as is to be determined by PCSD in its sole and absolute discretion for the purpose providing financing for a portion of the costs of the Project (the “**PCSD Loan**”). Any such loan shall be evidenced by and subject to the terms and provisions of a promissory note and loan agreement executed by Client on behalf of and for the benefit of PCSD.

3.3 **Client Contribution.** As a part of this Agreement, and prior to the disbursement of any PCSD Loan proceeds, Client must contribute not less than One Hundred Thousand Dollars (\$100,000) towards the Project-related costs and expenses set forth in the budget file maintained by PCSD as updated, revised, modified or changed from time to time upon mutual consent of the parties (the “**Client Contribution**”). Evidence of any cost or expense payment by Client shall be timely submitted to PCSD upon completion of payment, and all evidence of payment shall be subject to PCSD’s reasonable review and approval.

4. **INDEPENDENT CONTRACTOR.**

4.1 **Status.** Client and PCSD are independent contractors. No representations or assertions shall be made or actions taken by either party that would create any agency, joint venture, partnership, employment or trust relationship between the parties with respect to the subject matter of this Agreement. Except as may be expressly agreed upon in this Agreement or on a Schedule, neither party has any authority or power to enter into any agreement, contract or commitment on behalf of the other, or to create any liability or obligation whatsoever on behalf of the other, to any third person or entity.

4.2 **Employees.** Each party will exercise day-to-day control over and supervision of their respective employees, including but not limited to hiring, evaluation, promotion, demotion, compensation, employee benefits, fringe benefits, discipline and discharge. All work assignments, instruction, scheduling, staffing and direction of Client’s employees shall be the exclusive province of Client. Each party is responsible for obtaining and maintaining worker’s compensation coverage and unemployment insurance for its employees. PCSD further assumes full responsibility for compliance with any and all applicable worker’s compensation insurance or similar laws pertaining to PCSD’s employees for services rendered and compensation paid under this Agreement.

4.3 **Compliance.** Subject to the continued existence and maintenance of Client’s tax-exempt status, PCSD assumes full responsibility for the payment of all taxes pertaining to services rendered and compensation paid under this Agreement. Any tax liabilities that may result from the loss of Client’s tax-exempt status shall be borne, in full, by Client.

5. **INSURANCE AND INDEMNITY.**



5.1 **Client's Liability Insurance.** Client shall maintain insurance policies for commercial general liability insurance, builder's risk insurance, and such other insurance for the Project as will protect Client and PCSD against claims – including construction defect claims – which may arise from the Project and/or this Agreement. Any such policies shall name PCSD as an additional insured.

5.2 **Contractors Liability Insurance.** Client shall require all contractors, subcontractors and suppliers performing work or providing materials to the Project to maintain commercial general liability insurance in the minimum amount of Two Million Dollars (\$2,000,000.00) and to cause Client and PCSD to be named as additional insureds on such policies. All written contracts with contractors, subcontractors and suppliers shall require the above.

5.3 **Indemnity by Client.** For the Term of this Agreement plus one additional year, Client shall indemnify, defend and hold harmless PCSD and its employees, agents and representatives from and against any and all claims, demands, damages, losses, liabilities, obligations, costs and expenses, including attorneys' fees (collectively, "**Losses and Liabilities**"), arising out of or in connection with claims (including without limitation any governmental agency, homeowners association, or similar organization) relating to the Project, or any willful misconduct or negligence of Client, but excepting therefrom any Losses and Liabilities which arise out of any gross negligence or willful misconduct of PCSD. This indemnity specifically includes acts taken by PCSD in connection with the Project prior to the execution of this Agreement.

5.4 **Indemnity by PCSD.** For the Term of this Agreement plus one additional year, PCSD shall indemnify, defend and hold harmless Client and its employees, agents and representatives from and against any and all Losses and Liabilities arising out of or in connection with any willful misconduct or gross negligence of PCSD, but excepting therefrom any Losses and Liabilities which arise out of any gross negligence or willful misconduct of Client Agreement.

5.5 **Consequential Damages.** In no event shall either Party be liable for the other's indirect, special, incidental, punitive or consequential damages suffered or incurred by or on behalf of the other Party in connection with, arising out of, or in any way connected to the Project, this Agreement or any Service or transaction contemplated herein.

5.6 **Damages Cap.** Except for Losses and Liabilities arising out any willfull misconduct or gross negligence by the other Party, in no event shall either Party's liability arising in any way out of this Agreement exceed the amounts received by PCSD under this Agreement.

## 6. **DISPUTE RESOLUTION.**

6.1. **Waiver of Jury Trial.** ANY DISPUTE ARISING BETWEEN THE PARTIES RELATING TO THE TERMS OR PERFORMANCE OF THIS AGREEMENT SHALL BE ADDRESSED AS PROVIDED BELOW, AND THE PARTIES EXPRESSLY WAIVE ANY RIGHT TO HAVE THEIR DISPUTES RESOLVED THROUGH TRIAL BY JURY TO THE EXTENT ALLOWED BY LAW.

6.2. **Claim Requirements.** As a condition precedent to a Party pursuing a claim, such Party shall first file with the other Party a written claim setting forth its position, which must at least include the following: (i) a narrative of pertinent events; (ii) citation to relevant provisions of this Agreement; (iii) such Party's theory and justification for entitlement; and (iv) requested resolution.

6.3. **Informal Resolution.** In the event of a dispute, the Parties shall meet and confer in good faith in an effort to resolve such dispute. Each Party shall continue performing its obligations under this Agreement throughout the course of any dispute.

6.4. **Mediation.** If the Parties are unable to resolve their disputes informally as provided above, the parties shall seek to resolve their disputes through good faith mediation conducted by a mediator mutually acceptable to the Parties.

6.5. **Venue.** The venue of any lawsuit or dispute resolution procedure shall be the location of the Project, unless the Parties mutual agree on another location in writing.

6.6 **Arbitration.** Any dispute that is not settled through mediation as provided above shall be resolved by arbitration which, unless the parties mutually agree otherwise, shall be administered by the American Arbitration Association in accordance with its Construction Industry Arbitration Rules in effect on the date of the Agreement. The Arbitration shall be conducted in the place where the Project is located, unless another location is mutually agreed upon. A demand for arbitration shall be made in writing, delivered to the other party to the Contract, and filed with the person or entity administering the arbitration. The party filing a notice of demand for arbitration must assert in the demand all Claims then known to that party on which arbitration is permitted to be demanded. A demand for arbitration shall be made no earlier than concurrently with the filing of a request for mediation, but in no event shall it be made after the date when the institution of legal or equitable proceedings based on the Claim would be barred by the applicable statute of limitations. For statute of limitations purposes, receipt of a written demand for arbitration by the person or entity administering the arbitration shall constitute the institution of legal or equitable proceedings based on the Claim. The award rendered by the arbitrator or arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. The foregoing agreement to arbitrate and other agreements to arbitrate with an additional person or entity duly consented to by parties to the Agreement, shall be specifically enforceable under applicable law in any court having jurisdiction thereof.

6.7 **Attorney Fees.** If any Party brings a lawsuit or dispute resolution proceeding to enforce the terms of this Agreement, or declare rights hereunder, the Prevailing Party (as hereinafter defined) in any such lawsuit or proceeding shall be entitled to reimbursement by the other Party of reasonable attorney fees, costs and disbursements, including reasonable expert fees and costs. The term "Prevailing Party" shall include, without limitation, a Party who substantially obtains or defeats the relief sought, whether by compromise, settlement, judgment or abandonment by the other party of its claim or defense. The attorney's fee award shall not be computed in accordance with any court fee schedule, but shall be as such as to fully reimburse all attorney's fees reasonably incurred. With respect to the foregoing, and any other provision in this Agreement providing for payment or indemnification of attorney's fees, such fees shall be reasonable and deemed to include reasonable fees incurred through any applicable appeal process.

## 7. **GENERAL PROVISIONS.**

7.1 Reserved.

7.2 **Notices.** All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) on the date of delivery if personally

delivered, (ii) one (1) business day after delivery by overnight courier or facsimile (provided that the sender retains a printed confirmation of delivery to the facsimile number provided below), or (iii) three (3) business days after mailing if mailed by first class mail certified or registered, postage prepaid, return receipt requested, to the Parties at their addresses set forth below, or such other address designated from time to time in writing by such Party to the other Party.

PCSD: Pacific Charter School Development, Inc.  
600 Wilshire, Suite 200  
Los Angeles, CA 90017  
Fax: (213) 542-4701  
Attention: John Sun, CEO

Client: Navigator Schools  
650 San Benito St. Suite 230  
Hollister, CA 95023  
Tel: 831-217-4880  
Attn: Kevin Sved, Executive Director

7.3 **Amendment and Waiver.** This Agreement may be amended only by a written document signed by all Parties to this Agreement. Waiver of any provision of this Agreement shall not be deemed or constitute a waiver of any other provision, nor shall such waiver constitute a continuing waiver.

7.4 **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, beneficiaries, legal representatives, successors and assigns. This Agreement may only be assigned with the prior written approval of the other Party.

7.5 **Governing Law and Severability.** This Agreement shall be governed by and construed under the laws of the State of California, without regard to any conflicts of law provisions. If any provision of this Agreement is invalid or unenforceable, and if the deletion of such provision would not adversely affect the receipt of any material benefit of the bargain by either Party hereto, such provision shall (i) be modified to the minimum extent necessary to render it valid and enforceable, or (ii) if it cannot be so modified, be deemed not to be a part of this Agreement and shall not affect the validity or enforceability of the remaining provisions.

7.6 **Counterparts.** This Agreement may be executed in any number of counterparts, and each set of duly delivered identical counterparts, which includes all signatories, shall be deemed to be an original instrument.

7.7 **Construction.** This Agreement has been negotiated at arm's length and each Party has been represented by legal counsel. Accordingly, any rule of law (including without limitation California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the Party drafting it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effectuate the intent of the Parties and the purpose of this Agreement.

7.8 **Further Assurances.** The Parties covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out this Agreement.

7.9 **Entire Agreement.** This Agreement represents the entire agreement between the Parties with respect to the subject matter set forth above, and supersedes all previous oral and written agreements, communications, representations, and commitments between PCSD, Client, and their respective predecessors.

7.10 **Survival.** The provisions of this Agreement shall survive its termination and the completion of the Services.

[Balance of Page Intentionally Left Blank; Signature Page Follows]

**IN WITNESS WHEREOF**, the Parties have executed this Project Management Agreement effective as of the date set forth above.

**NAVIGATOR SCHOOLS**

**PACIFIC CHARTER SCHOOL DEVELOPMENT, INC.**

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

Name: Kevin Sved,  
Title: Executive Director

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

Name: John Sun  
Title: Chief Executive Officer

## EXHIBIT A

### PROJECT DESCRIPTION

#### **Program Description:**

Watsonville Prep (a Navigator School) will service students in grades K-8 in Watsonville, CA. Watsonville Prep's program focuses on data driven instruction, coaching, daily intervention, small group instruction, and student-educator ratio that will help each child become the learner and leader we know they can be. As with the two other Navigator Schools, Watsonville Prep will work with students continuously from kindergarten through 8th grade in a small, community-based school setting. This structure allows for deep and meaningful relationships with students and parents and ensures staff is well-informed of the individual needs of each student. The design of a Navigator school has been impacted significantly by high-performing schools across the Bay Area and the nation who are attaining excellent educational outcomes for students. with stakeholders and gaining new perspective as they design solutions, which they present to local community stakeholders.

Watsonville Prep opened this year to serve 180 K, 1st, and 2nd graders in a prop 39 space provided by the Watsonville School District. Year 2 will see another 60 students and the same with each subsequent year until the school is serving 540 students across all 9 grades in year 7.

#### **Property Description:**

The property is a two-story commercial building at 409 Mian Street in the heart of Wasonville. The school is proposing to lease the entire 2<sup>nd</sup> floor which totals 37,750sf. The entire buidling is currently vacant and following the improvments to the 2<sup>nd</sup> floor for the school, the property owner proposes to develop out the first floor as a mix of commercial retail. The proposed lease would included a dedicated 1<sup>st</sup> floor entrance for the school, sufficient parking for the school, and a dedicated pick-up and drop-off location on the east side of the building.

#### **Project Description:**

The school proposes facilitate tenant improvements to the entire building by taking out a series of loans. The building owner has agreed to incrementally lease portions of for the first two years of the lease as they build enrollement and then lease the full floor plate in Year 3. Given the change of use and the fact that most of the existing spaces are open commercial and interior offices, it is anticipated that the building will need new walls/doors for classrooms and administrative spaces, extension of the fire sprinkler system, upgraded fire/life/safety systems, upgraded lighting and controls and new finishes. The building will also likely require some siemic reinforcing through the addition of chevron brace frames on the ground and second floor. Since there are limited window openings on the 2<sup>nd</sup> floor, the proposed improvements will include curring openings into the existing concrete tilt-up walls. There is an existing elevator, stairwells, and bathrooms that can likely remain as-is, though an additional interenal stairwell will have to be installed in the location of the existing freight elevator.

In addition to the anticipated improvements, heating and air circulation, plumbing, electrical, and IT capacity will be evaluated, and improvements or changes to these systems may be included in the Project for programmatic reasons or if required to obtain a certificate of occupancy.

#### **Current Status:**

At the time of this agreement, PCSD and Navigator have toured the building, a set of schematic floor plans (attached to this agreement in Exhibit C) has been developed, and Navigator is in the process of negotiating a proposed lease structure with the building owner.

**EXHIBIT B**

**SERVICES AND EXCLUDED SERVICES**

The scope of services will be limited to the management of any building improvements required to obtain a final a Certificate of Occupancy on the Property in order for Client to operate the School. WCSD’s scope of work will include i) assisting in conversations about the Project with the City and the owner, ii) managing consulting and vendor contracts for all Project-related work required to obtain a Certificate of Occupancy, and iii) reviewing and approving all invoicing associated with any work performed in relation to the improvements of the property and the issuance of the Certificate of Occupancy. The following chart describes in greater detail the roles and responsibilities of each party

Scope of Services Project: Watsonville Prep School	September ____, 2019	
	Responsible Party	
	Primary	Supporting
<b>PLANNING PHASE</b>		
<b>Administration</b>		
Establish protocols and procedures with project leadership	PCSD	CLIENT
Issue and maintain project directory	PCSD	
Create and maintain electronic files of Project documents, including contracts, agreements, reports and plans	PCSD	CLIENT
Facilitate execution of project-related documents	PCSD	CLIENT
Support in presentations to Client’s governing board, as needed	PCSD	
<b>Original Budget and Financing</b>		
Create full project budget (excluding FF&E)	PCSD	CLIENT
Create FF&E project budget	CLIENT	PCSD
Prepare project cash flow and update as needed	PCSD	
Analyze potential financing structure and facilitate selection	CLIENT	PCSD
Source potential lenders	CLIENT	PCSD
Create, submit, coordinate requests for financing packages	CLIENT	PCSD
Address potential lender needs (requests, due diligence)	CLIENT	PCSD
Manage selection of funder and lender and negotiate terms	CLIENT	PCSD
Manage application and filing of closing documents	PCSD	CLIENT
Apply for government financing if applicable	CLIENT	PCSD
Apply for government grants if applicable	CLIENT	PCSD
<b>Schedule</b>		
Generate project schedule and update as needed	PCSD	
Identify key Client and Project milestones	PCSD	CLIENT
<b>Site Control</b>		
Negotiate LOIs (if applicable)	CLIENT	

Arrange for right of entry (if applicable)	CLIENT	PCSD
Negotiate lease terms (if applicable)	CLIENT	
Collect existing due diligence materials (ex. haz mat assessments, topo survey)	PCSD	CLIENT
Coordinate transaction components (ex. ALTA, title)	PCSD	CLIENT
Manage entitlements and variances	PCSD	CLIENT
Manage easements and covenants	CLIENT	PCSD
Confirm Client (School District) requirements	CLIENT	
LEED or other state requirements (such as CHPs)	CLIENT	PCSD
<b>Team Assembly - A&amp;E / Consultants / Preconstruction Contractor</b>		
Manage RFP preparation, proposal review, interview, and selection process of various Client contracts and services		
Architect & Engineering (MEP, Structural, etc.)	PCSD	CLIENT
Civil Engineer	PCSD	CLIENT
General Contractor	PCSD	CLIENT
Surveyor (ALTA, Topo, wall check, building plat, etc.)	PCSD	CLIENT
Geotech Engineer	PCSD	CLIENT
Environmental Consultant (Phase 1, Hazmat Surveys, etc)	PCSD	CLIENT
Industrial Hygienist	PCSD	
Traffic Engineer	PCSD	
LEED or CHPs Consultant	PCSD	
Commissioning Agent	PCSD	
3rd Party Plan Review	PCSD	
Permit Expeditor	PCSD	
Wage Scale Monitoring	PCSD	
Materials Testing & Inspections	PCSD	
3rd Party Code Inspections	PCSD	
Audio / Visual	CLIENT	
Access Control / Security	CLIENT	
Communication Cabling	CLIENT	
Signage	PCSD	CLIENT
Negotiate and finalize contract terms including fees	PCSD	CLIENT
Coordinate any documentation needed by financing	CLIENT	PCSD
Coordinate submission to any local state entities	PCSD	CLIENT
<b>DESIGN PHASE</b>		
<b>Administrative</b>		
Facilitate design meetings, including setting agenda	PCSD	
Prepare and maintain issue tracking log	PCSD	
Review and edit A&E meeting minutes and submit notes to file as needed	PCSD	CLIENT



Establish requirements for permit and bid package issuances	PCSD	
Attend project presentations to School and/or Charter School Board, as needed	PCSD	CLIENT
Coordinate Client's relationship with neighbors (informational meetings, approval meetings, update meetings, newsletters)	CLIENT	PCSD
<b>Programming</b>		
Prepare outline program of spaces (indoor and outdoor)	CLIENT	PCSD
Verify LEED / CHPs / Sustainability strategy	PCSD	CLIENT
Generate performance criteria / specifications for Client's technical systems:		
information technology	CLIENT	PCSD
access control / security	CLIENT	PCSD
communications	CLIENT	PCSD
audio-visual	CLIENT	PCSD
<b>Budget &amp; Schedule Tracking</b>		
Manage contractor cost estimating of design packages	PCSD	
If required, manage value engineering effort to ensure costs are consistent with Client budget goals	PCSD	
Provide regular budget updates (hard and soft cost line items budget/commitments/actual expenditures):	PCSD	
Update cash flow projections	PCSD	
Review and approve all invoices related to project budget commitments	PCSD	
Package and coordinate monthly draw request for funding	PCSD	
Manage design team to ensure various design packages are issued in accordance with Project Schedule	PCSD	
Monitor and maintain overall project schedule	PCSD	
Provide paid invoice check numbers and dates on a monthly basis to ensure accurate project accounting	CLIENT	
Provide timely and complete responses to school-related design questions in efforts to maintain the design schedule	CLIENT	PCSD
<b>Quality Control</b>		
Provide design reviews/mark-ups of drawings and specifications at various stages of design	PCSD	CLIENT
Draft and issue approval memo to proceed into next phase of design	PCSD	
Issue updates to Program Document, as required	CLIENT	PCSD
Oversee any LEED credit tracking and initial 'design submission' to any reviewing entities	nnPCSD	
<b>FF&amp;E</b>		

Prepare and update list of FF&E items to be purchased	CLIENT	PCSD
Facilitate design coordination with FF&E requirements	PCSD	CLIENT
Provide technical and design input on low voltage systems as required during Design to ensure accuracy in AE drawings and specifications.	CLIENT	
Coordinate the installation of Client's low voltage requirements	PCSD	CLIENT
<b>Permitting &amp; Utilities</b>		
Monitor and participate in researching, submitting and securing approvals from all applicable agencies (e.g., environmental, regulatory, etc.)	PCSD	CLIENT
Monitor and participate in applying for and securing new and/or replacement utility services:		
- Water	PCSD	CLIENT
- Gas	PCSD	CLIENT
- Electricity	PCSD	CLIENT
- Phone	CLIENT	PCSD
- Wireless	CLIENT	PCSD
<b>CONSTRUCTION PHASE</b>		
<b>Administrative</b>		
Attend regular construction team meetings	PCSD	CLIENT
Review and edit contractor meeting minutes or submit notes to file as needed	PCSD	CLIENT
Manage questions/issues raised by contractor and facilitate resolution	PCSD	CLIENT
<b>Bidding</b>		
Review actual proposed General Conditions	PCSD	
Review overall proposed Schedule of Values	PCSD	
Create a wish list for contingency and capital campaign efforts	CLIENT	PCSD
Coordinate proposed change order process, including documentation requirements	PCSD	
<b>Budget &amp; Schedule Tracking</b>		
Prepare and maintain construction contract log	PCSD	
Review, manage and negotiate Proposed Change Orders	PCSD	
Attend Change Order meetings with contractor and design team (in person or via phone)	PCSD	
Provide timely responses to school-related RFI and Change Order questions as required,	CLIENT	PCSD

Track construction costs and identify variances from budgeted amounts, including exposures against construction contingencies	PCSD	
Provide regular budget updates (hard and soft cost line items/budget/commitments/actual expenditures)	PCSD	
Update cash flow projections as needed	PCSD	
Review and approve all invoices related to project budget commitments and submit to CLIENT for payment	PCSD	
Pay all project invoices	CLIENT	
Package and coordinate monthly draw request for funding	PCSD	
Track contractor's schedule progress and flag items of concern for contractor's response	PCSD	
Monitor and maintain overall project schedule	PCSD	
<b>Quality Control</b>		
Monitor work of contractor to ensure compliance with design documents and quality of work (PCSD may rely on the opinion of 3 <sup>rd</sup> parties such as architects and inspectors to confirm compliance – on site walkthroughs will be limited to once a month)	PCSD	
<b>FF&amp;E</b>		
Assist in coordinating contractor's work with installation of FF&E	PCSD	CLIENT
Assist in coordinating contractor's work with installation of other Client-provided work (telecom, security, A/V, etc)	PCSD	CLIENT
<b>Utilities</b>		
Facilitate coordination between utility companies and contractor regarding new services into Project	PCSD	
Coordinate between Client and utilities in establishing billing accounts	CLIENT	PCSD
<b>Substantial / Final Completion</b>		
Facilitate final inspection approvals and issuance of Certificate of Occupancy	PCSD	
Coordinate development of punch-list and contractor's completion thereof	PCSD	
Facilitate turnover of project from construction team to property management and/or school operations (including systems training)	PCSD	
Manage contractor's assembly of closeout materials (including O&M information as required)	PCSD	
- ensure proper distribution to operational personnel	CLIENT	
Coordinate receipt/distribution of as-built documents	PCSD	

If GMP, review final construction costs and negotiate final GMP amount and appropriate distribution of project savings, if any	PCSD	
Confirm receipt of lien waivers and other closeout documents required for contractor's final payment	PCSD	
<b>POST CONSTRUCTION PHASE</b>		
<b>Administrative</b>		
Facilitate resolution to any construction/warranty issues raised during first [six (6)] weeks of occupancy	PCSD	
Provide final archive to Client of all key project documents.	PCSD	
If Applicable, assist LEED consultant in submission of final certificate application to USGBC and distribution of certification upon receipt	PCSD	CLIENT
Assist Client in preparing any financing/funding entity closeout requirements	PCSD	CLIENT

**EXCLUDED SERVICES:**

In accordance with this Agreement, PCSD may oversee the management and/or scheduling of third-party licensed professionals, contractors and vendors in the course of rendering the services set forth in this Exhibit B. However, PCSD shall not have any formal control over or charge of and shall not be responsible for construction means, methods, techniques, sequences, or procedures, acts, omissions, or for safety precautions and programs of any third-party professionals, contractors, or vendors providing the following services on or at the Project (each an “Excluded Service” and collectively the “Excluded Services”):

- ◆ Architectural, Engineering or other Design Services or the conformance of any design or implementation with any applicable legal standards or requirements
- ◆ General Contracting
- ◆ Legal Services
- ◆ Safety Program Design or Enforcement
- ◆ Accounting Services
- ◆ Investment Advisory Services
- ◆ Municipal Advisory Services
- ◆ Environmental Assessment, related Mitigation or Monitoring
- ◆ Quantity Surveying or Cost Estimating
- ◆ FF&E procurement or coordination, including the following items:
  - ◆ Lunch Tables
  - ◆ Items that require approval by the Department of the State Architect, such as exterior canopies & awnings
  - ◆ Playground Surfacing or Equipment
  - ◆ School & Office Equipment or Furnishings

- ◆ Low Voltage Data beyond the coordination of installation on the Project, Phone, PA System, Clock, Security, or Card Reader Wiring/Equipment/Planning
- ◆ Kitchen, Food Prep, and Food Serving Equipment
- ◆ Equipment needed to execute future maintenance
- ◆ Any operational permits or fees required to operate a public charter school
- ◆ Property Management

As such, PCSD shall not be named as a party to any action brought by Client in matters of design errors and omissions, construction defects, jobsite accidents, or any other event relating to or arising out of any of the above Excluded Services and shall be specifically indemnified by Client and by the general contractors, sub-contractors, architects and other design consultants contracted with by Client and working on the Project against actions brought by others against PCSD for Excluded Services, unless directly resulting from and solely attributed to PCSD's gross negligence or willful misconduct. Client shall cause its contracts with such third parties to contain a written indemnification of PCSD in form reasonably satisfactory to PCSD, as determined in its sole discretion.

Moreover, PCSD shall not be responsible for the GC's schedule or failure to carry out the Project in accordance with any contract documents or any permits associated with the Project. PCSD shall not have control over or charge of acts or omissions of the GC, its subcontractors, the Architect or other design professionals, or their agents or employees, or of any other persons engaged by or on behalf of any party to perform work on the Project. PCSD shall have no responsibility for the Project design or for ensuring that such design or its implementation is in compliance with applicable laws and codes. PCSD shall have no responsibility for the discovery, presence, handling, removal, or disposal of or exposure of persons to hazardous materials in any form at or around the Project site.

[END OF SCOPE OF SERVICES]

**EXHIBIT C**

**SCHEMATIC PLANS\  
(attached)**

# Coversheet

## Architectural Services Agreement With Artik Art & Architecture

**Section:** II. Topical Items  
**Item:** D. Architectural Services Agreement With Artik Art & Architecture  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:** BR 2019\_10 Arch Services Memo Proposal.pdf



Date: October 25, 2019

To: Board of Directors

From: Kevin Sved, CEO

Subject: Architectural Services for 407 Main

**Overview**

Artik Art & Architecture developed the conceptual floor plans for 407 Main that would accommodate the full TK-8 program for Watsonville Prep School.

**Analysis**

Watsonville Prep has a need for long-term facilities to house a full TK-8 grade program. A set of complete construction drawings is necessary for the project to be permitted and put to bid for construction. Artik Architecture + Arts is highly qualified to complete the construction drawings. The attached proposal from Artik is estimated at approximately six percent of projected construction costs, which is a reasonable fee to complete the construction drawings particularly considering that it is a renovation project which typically requires more extensive work than new construction.

**Recommendation**

In the event that Navigator Schools moves forward with the 407 deal, it is recommended that the Board approves the architectural services agreement with Artik Art & Architecture for \$156,000.

Attachments:

- Resolution
- Proposal for Architectural Services



## BOARD RESOLUTION 2019-10

*October 28, 2019*

### Authorization to Execute Architectural Services Agreement

A RESOLUTION OF THE BOARD OF DIRECTORS of Navigator Schools authorizing the CEO to execute an architectural services agreement with Artik Art + Architecture:

WHEREAS Watsonville Prep has a need for long-term facilities to house a full TK-8 grade program;

WHEREAS 407 Main Street in Watsonville has been identified as a viable site with approximately 40,000 square feet available for a future Watsonville Prep;

WHEREAS Artik Art + Architecture completed a conceptual design phase that determined the educational program could be reasonably fulfilled within the second floor of the building;

WHEREAS the project has a reasonable chance to be financed and obtain the necessary entitlements and permits; and

WHEREAS a set of complete construction drawings is necessary for the project and Artik Architecture + Arts is highly qualified to complete the construction drawings;

RESOLVED, the CEO of Navigator Schools is authorized to execute an architectural services agreement with Artik Art + Architecture for up to \$156,000 based on the attached proposal dated September 26, 2019.

This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of Navigator Schools at its regular meeting held on October 28, 2019 at Hollister, California.

\_\_\_\_\_  
Signature of Board Chair  
Caitrin Wright  
Navigator Schools, a California Nonprofit Public Benefit Corporation

The Secretary of the Corporation certifies that the above is true and copy of the resolution that was duly adopted at the dated meeting of the board of directors.

\_\_\_\_\_  
Signature of Secretary

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed name of Secretary



394-A Umbarger Rd  
San Jose, CA 95111  
Phone 408.224.9890  
Fax 408.224.9891  
www.Artika3.com

September 26, 2019

Kevin Sved  
Chief Executive Officer  
Navigator Schools  
650 San Benito Street Suite 230  
Hollister CA 95023

**Project Name:** Navigator at 407 Main Street  
Building Dept Approval and Construction Administration  
**Project Number:** TBD/C1

Dear Kevin:

I am pleased to submit this proposal for limited architectural services incorporating the following terms and conditions:

**Scope of the Project**

Navigator Schools (Client) wishes to obtain a building permit for the Tenant Improvements and minor exterior modifications to an existing building located at 407 Main Street in Watsonville, CA, for a K-8 charter school. Building permit drawings will generally be based on the Schematic Design drawings for 407 Main Street developed by Artik Art & Architecture under a previous contract.

This proposal assumes that the contract for construction will be procured on a Negotiated Bid basis with a selected General Contractor who will provide design-build services for the mechanical, electrical, plumbing, fire sprinkler and fire alarm scopes of work. The Client's vendors will provide design and construction of the data/communications network, security system, and camera monitoring systems.

A budget has not been established for this project. The project is intended to be complete for occupancy in the Fall of 2020.

September 26, 2019  
Navigator Schools  
Navigator at 407 Main Bldg. Dept Approval and Construction Administration  
Artik #TBD/C1  
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### **Scope of Professional Services – Basic Services**

Artik Art & Architecture will provide, and be responsible for, the following project consultants: structural engineering. Any other required project consultants shall be provided by Client or by Artik Art & Architecture as an Additional Service.

Artik Art & Architecture proposes the following services to accomplish this task:

#### **Building Department Submittal**

- ◆ Meet with Client to review Schematic Design drawings and determine any revisions for the Building Department submittal.
- ◆ Coordinate with General Contractor's design-build subcontractors.
- ◆ Coordinate with Client's vendors.
- ◆ Perform gravity design of foundations, walls, floor, ceiling, and roof framing members, as required for a change of use.
- ◆ Perform lateral design of horizontal roof and floor diaphragms and vertical shear walls to resist wind and seismic forces.
- ◆ Develop final architectural and structural drawings, specifications and calculations as required for submittal to the City of Watsonville for a Building Permit.
- ◆ Assemble architectural and structural drawings, specifications and calculations with those provided by General Contractor's design-build subcontractors to create a complete Building Permit package.
- ◆ Assist Client to submit for a Building Permit.

#### **Plancheck Revisions**

- ◆ Receive and distribute comments on the Building Permit submittal.
- ◆ Coordinate responses to comments between the architectural, structural and design-build subcontractors.
- ◆ Assemble resubmittal documents and resubmit to city for Building Permit.
- ◆ Respond to additional comments and provide additional resubmittals as required to obtain a Building Permit.

#### **Construction Administration Phase**

- ◆ Participate in preconstruction meeting.
- ◆ Participate in regular construction meetings.
- ◆ Review and take appropriate actions on submittals.
- ◆ Respond to General Contractor's Requests for Information (RFI's).
- ◆ Review and comment on General Contractor's Applications for Payment.
- ◆ Review and comment on General Contractor's Proposed Change Orders.
- ◆ As required, submit revisions to approved documents to the City of Watsonville.



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- ◆ At a time when the General Contractor has stated that the project is Substantially Complete, walk through project with Client and General Contractor to develop a Punch List of items to be completed for final acceptance.
- ◆ At a time when the General Contractor has stated that all Punch List items have been completed, walk through project with Client and General Contractor to determine if all items on the Punch List have been satisfactorily resolved.
- ◆ Receive and review for completeness closeout items, including warranties, guarantees, record documents, and extra stock items. When closeout items are determined to be complete, transmit closeout items to Client.
- ◆ Review and comment upon General Contractor’s Request for Final Payment.
- ◆ Assist Client to file a Notice of Completion for the project.

**Optional Services**

The following services may be provided by Artik Art & Architecture if required by the project and if authorized by the Client. Compensation for Optional Services shall be by a mutually agreed upon Fixed Fee or based on Hourly Rates, as listed below.

- ◆ Civil Engineering
- ◆ Offsite design and engineering
- ◆ Furniture and Equipment selection and procurement

**Excluded from Agreement**

The following services are expressly excluded from this agreement:

- ◆ Topographic and geotechnical surveys
- ◆ Testing and inspection fees
- ◆ Plan review and permit fees for regulatory agencies

**Compensation for Basic Services**

Artik Art & Architecture will provide the services indicated above for a Fixed Fee of **One Hundred Fifty-Six Thousand Dollars (\$156,000)**, plus authorized Reimbursable Expenses. Fees shall be paid in phases as follows:

	<u>Architectural</u>	<u>Structural</u>	<u>Total</u>
Building Department Submittal	\$70,000	\$33,000	\$103,000
Plancheck Revisions	\$10,000	\$7,000	\$17,000
<u>Construction Administration</u>	<u>\$20,000</u>	<u>\$16,000</u>	<u>\$36,000</u>
<b>Total Basic Service Fees</b>	<b>\$100,000</b>	<b>\$56,000</b>	<b>\$156,000</b>

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**Compensation for Additional Services**

Additional Services shall include any service not specifically listed above and agreed to by Client and Artik Art & Architecture. Compensation for Additional Services shall be a mutually agreed upon Fixed Fee or based on the Hourly Rates listed above.

The following Hour Rates are applicable to this contract:

Principal	\$250.00	Designer III	\$140.00
Associate	\$200.00	Designer II	\$130.00
Senior Project Manager	\$180.00	Designer I	\$120.00
Project Manager	\$170.00	Project Assistant	\$110.00
Job Captain	\$160.00	Senior Technical Lead	\$170.00

**Reimbursable Expenses**

Reimbursable expenses, as required and approved are in addition to compensation for Basic and Additional Services and include: project consultants not provided as part of Basic Services; transportation expenses, couriers, shipping, Title 24 calculations, photography, reproductions, models, renderings, or other expenses incurred in the interest of the project. These expenses shall be billed to the Client at cost of the expenses incurred by the Architect or Architect’s Consultants. No Reimbursable Expense may be incurred without the prior written consent of Client.

**Invoicing**

Artik Art & Architecture shall invoice monthly and payment is due upon receipt. Amounts unpaid thirty (30) days after the receipt of the invoice will be subject to a service charge of twelve percent (12%) per annum. Should the Client fail to pay current invoices for more than sixty (60) days, Artik Art & Architecture may stop work on the Project until payment is received or terminate this Agreement. Artik Art & Architecture shall not be held liable for any damages or losses that may result from such suspension or termination of services according to the provisions set forth in this Agreement.

**Legal Costs**

In the event that legal proceedings between the parties are necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to an award of its litigation costs and expenses, including reasonable attorney’s fees.



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### **Project Timing**

If the Client for more than thirty (30) consecutive days suspends the project, Artik Art & Architecture shall be compensated for services performed prior to notice of such suspension. When the Project is resumed, Artik Art & Architecture shall be due an equitable compensation to provide for expenses incurred in the interruption and resumption of the services. If the Client for more than ninety (90) consecutive days suspends the project, Artik Art & Architecture may terminate the agreement according to the provisions set forth below.

### **Termination**

Either the Client or Artik Art & Architecture may, for any reason, terminate this Agreement upon not less than seven- (7) days written notice to the other party.

### **Client's Responsibilities**

The Client shall provide full information, including a program, which sets forth the Client's objectives, schedule, constraints, and budget, with reasonable contingencies and criteria. The Client shall also furnish any reports, tests, and surveys, inspection results or other information reasonably requested by Artik Art & Architecture or its consultants to the extent currently available and in Client's possession. All of foregoing shall be furnished at the Client's expense, and Artik Art & Architecture shall be entitled to rely upon the accuracy and completeness thereof.

### **Ownership of Documents**

The Drawings, Specifications, and other Contract Documents, as instruments of service, are and shall remain the property of Artik Art & Architecture. They shall not be used on other projects or as the basis for drawings by others without written authorization from Artik Art & Architecture.

The Client acknowledges that the documents provided by Artik Art & Architecture under this Agreement are instruments of professional service, and not a product. Nevertheless, the documents prepared under this Agreement shall become the property of the Client upon completion of the work and payment in full of all monies due to Artik Art & Architecture. The Client shall not reuse or make any modifications to the plans and specifications without the prior written authorization of Artik Art & Architecture, except as described below in this Agreement.



September 26, 2019  
Navigator Schools  
Navigator at 407 Main Bldg. Dept Approval and Construction Administration  
Artik #TBD/C1  
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The Client agrees, to the fullest extent permitted by law, to indemnify, defend, and hold Artik Art & Architecture harmless from any claim, liability or cost (including reasonable attorney's fees and defense costs) arising or allegedly arising out of any unauthorized reuse or modification of the documents by the Client or any person or entity that acquires or obtains the documents from or through the Client without the written authorization of Artik Art & Architecture.

Artik Art & Architecture shall retain all common law, statutory and other reserved rights, including the copyright thereto, of all architectural work produced under this Agreement. Nevertheless, Artik Art & Architecture grants to Client a limited license to use or reuse the documents prepared under this Agreement upon completion of the work and payment in full of all monies due to Artik Art & Architecture. This license is not transferable or assignable and does not limit Artik Art & Architecture's use or reuse or any exercise of its rights of copyright ownership of the architectural work prepared under this Agreement.

#### **Limit of Liability and Indemnification**

Artik Art & Architecture agrees, to the fullest extent permitted by law, to indemnify and hold the Client harmless from any damage, liability or cost (including reasonable attorneys' fees and costs of defense) to the extent caused by Artik Art & Architecture' negligent acts, errors or omissions in the performance of professional services under this Agreement and Artik Art & Architecture' Consultants or anyone for whom Artik Art & Architecture is legally liable.

The Client agrees, to the fullest extent permitted by law, to indemnify and hold Artik Art & Architecture harmless from any damage, liability or cost (including reasonable attorneys' fees and costs of defense) to the extent caused by the Client's negligent acts, errors or omissions and those of the Client's contractors, subcontractors, consultants or anyone for whom the Client is legally liable, and arising from the Project that is the subject of this Agreement.

Neither party is obligated to indemnify the other in any manner whatsoever for such other party's own negligence or willful misconduct.

#### **Mediation**

In an effort to resolve any conflicts that arise during the design or construction of the Project or following the completion of the Project, the Client and Artik Art & Architecture agree that all disputes between them arising out of or relating to this Agreement shall be submitted to non-binding mediation unless the parties mutually agree otherwise.



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Artik Art & Architecture further agrees to include a similar mediation provision in all agreements with independent contractors and consultants retained for the Project and require all independent contractors and consultants also to include a similar mediation provision in all agreements with subcontractors, sub-consultants, suppliers or fabricators so retained, thereby providing for mediation as the primary method for dispute resolution between the parties to those agreements.

### **Hazardous Materials**

Both parties acknowledge that Artik Art & Architectures' scope of services does not include any services related to asbestos or hazardous or toxic materials. In the event Artik Art & Architecture or any other party encounters asbestos or hazardous or toxic materials at the job site, or should it become known in any way that such materials may be present at the job site or any adjacent areas that may affect the performance of Artik Art & Architectures' services, Artik Art & Architecture may, at its option and without liability for consequential or any other damages, suspend performance of services on the project until the Client retains appropriate specialist consultant(s) or contractor(s) to identify, abate, and/or remove the asbestos or hazardous or toxic materials, and warrant the job site is in full compliance with the applicable laws and regulations.

### **Americans with Disabilities Act (ADA) Barrier Removal**

The Americans with Disabilities Act (ADA) provides that it is a violation to design and construct a facility for its first occupancy later than January 26, 1993, that does not meet the accessibility and usability requirements of the ADA except where an entity can demonstrate that it is structurally impractical to meet such requirements. In addition, the ADA requires removal of architectural barriers in existing facilities where such removal is readily achievable. The definition of "readily achievable" contained in the ADA is flexible and subject to interpretation on a case-by-case basis. The requirements of the ADA will be subject to various, and possibly contradictory interpretations. Artik Art & Architecture, therefore, will use its best professional efforts to interpret applicable ADA requirements and other federal, state and local laws, rules, codes, ordinances and regulations as they apply to your project, and to advise you as to the modifications to your existing facility that may be required to comply with the ADA.





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Artik Art & Architecture, however, cannot and does not warranty or guarantee that your project will comply with all interpretations of the ADA requirements and/or the requirements of other federal, state and local laws, rules, codes, ordinances and regulations as they apply to your project.

**Authorization**

If this agreement meets your approval, please sign and return one of the two originals. Keep one original for your records. When we are in receipt of the signed agreement or a **“Notice to Proceed”** referencing this agreement we can begin work on your project.

Please call if you have any questions. Your business is greatly appreciated.

Sincerely,

Martin Hochroth  
Principal

**ACCEPTED**

Client: Navigator Schools  
Name of authorized representative: \_\_\_\_\_  
Title: \_\_\_\_\_  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_



# Coversheet

## Approval of Loan Agreement With Pacific Charter School Development

**Section:** II. Topical Items  
**Item:** E. Approval of Loan Agreement With Pacific Charter School Development  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:** BR 2019\_12 Loan Agrmt Memo and Doc.pdf



Date: October 25, 2019

To: Board of Directors

From: Kevin Sved, CEO

Subject: Loan Agreement with Pacific Charter School Development

### **Overview**

Pacific Charter School Development (PCSD) has supported Navigator Schools by providing feasibility analysis to Watsonville Prep School (WPS). In order to move the project forward with plans to develop 407 Main Street site for long-term use by WPS, preconstruction expenses will range from \$250,000 to \$350,000. These expenses include architectural services, project management services, permitting fees, and potentially other studies required by the City for consideration, including traffic and environmental impact studies. PCSD is making available to Navigator a 1.5% interest loan of up to \$250,000 in order to facilitate Navigator's ability to develop the project for bid-ready construction drawings and City-approved plans. The loan will be due in five years, with interest only payments due during the duration of the loan. If the project is fully financed, it is planned to repay the PCSD loan with the larger construction loan, projected to be \$5 million. A requirement for receipt of the loan is for Navigator to invest \$100,000 into the 407 project. The agreement allows expenditures to date to count toward the required \$100,000. Expenses to date are estimated at \$25,000, leaving \$75,000 that Navigator would need to put toward the project in order to be eligible to receive the PCSD loan.

### **Analysis**

This loan agreement provides funding needed to allow the 407 project to move forward. In the event that the project was not approved by the City, was not able to secure financing, or the construction bids come in too high, Navigator would be responsible to repay this loan within five years. The interest only payment on the full \$250,000 would be approximately \$3,750 annually. Assuming that the project did not go through, Navigator would be responsible for loan repayment. If WPS was able to continue to utilize Prop 39 to meet facilities needs, the annual projected net income for WPS would allow for the loan to be repaid over five years with minimal impact on programming. However, the debt will make it more difficult for WPS to pursue other long-term facility options. If Navigator was not able to repay the loan from WPS funds, Navigator would utilize funds from the CMO budget to repay the loan. This loan agreement was reviewed by attorneys Jessica Shaham and Richard Rosenblatt of Kutak Rock.

### **Recommendation**

It is recommended that the Board delegate authority to the CEO to execute the project loan agreement in substantially the same form as attached, conditional upon the CEO consulting with the Board Chair and Board Treasurer on the final form of the document.

Attachments:

-Resolution

-Project Management Agreement

## BOARD RESOLUTION 2019-12

*October 28, 2019*

### Authority of CEO to Execute Project Loan Agreement

A RESOLUTION OF THE BOARD OF DIRECTORS of Navigator Schools authorizing the CEO to execute a project loan agreement with Pacific Charter School Development:

WHEREAS Watsonville Prep School (WPS) has a need for long-term facilities;

WHEREAS Pacific Charter School Development (PCSD) has supported Navigator Schools by providing feasibility analysis to WPS;

WHEREAS 407 Main Street in Watsonville has been identified as a viable site for a future WPS;

WHEREAS site development expenses for 407 Main Street include architectural services, project management services, permitting fees, and potentially other studies required by the City of Watsonville for consideration, including traffic and environmental impact studies;

WHEREAS PCSD is offering Navigator Schools a 1.5% interest loan of up to \$250,000 in order to facilitate the development of 407 Main Street project for bid-ready construction drawings and city-approved plans;

WHEREAS a requirement for receipt of the loan is for Navigator Schools to invest \$100,000 into the 407 Main Street project, including expenditures to date; and

WHEREAS this loan agreement was reviewed by attorneys Jessica Shaham and Richard Rosenblatt of Kutak Rock;

RESOLVED, the CEO of Navigator Schools is authorized to execute the PCSD project loan agreement in substantially the same form as attached, conditional upon the CEO consulting with the Board Chair and Board Treasurer on the final form of the document.

This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of Navigator Schools at its regular meeting held on October 28, 2019 at Hollister, California.

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Signature of Board Chair

Caitrin Wright

Navigator Schools, a California Nonprofit Public Benefit Corporation

The Secretary of the Corporation certifies that the above is true and copy of the resolution that was duly adopted at the dated meeting of the board of directors.

\_\_\_\_\_  
Signature of Secretary

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed name of Secretary

## LOAN AGREEMENT

This Loan Agreement (the “Agreement”) is entered into as of October [REDACTED], 2019 between Pacific Charter School Development, Inc., a California nonprofit public benefit corporation (the “Lender”) and Navigator Schools, a California nonprofit public benefit corporation (the “Borrower”) (collectively, the “Parties”).

### RECITALS

WHEREAS, the Borrower has requested a loan from Lender in the amount of Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00), with the proceeds thereof to be used by the Borrower for the purposes described in Section 1.3 of this Agreement, in furtherance of the exempt purposes of the Borrower and in furtherance of the exempt purposes of the Lender, both as described in Section 170(c)(2)(B) of the Internal Revenue Code of 1986, as amended (the “Code”);

WHEREAS, Lender and Borrower intend that the transactions provided for in this Agreement constitute a “program related investment” within the meaning of Code Section 4944(c) and Treasury Regulations Section 53.4944-3; and

NOW, THEREFORE, in consideration of the foregoing premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

### ARTICLE I THE LOAN AND ITS PURPOSES

Section 1.1 The Loan. The Lender agrees, subject to the terms and conditions hereinafter set forth, to make a loan to the Borrower, in the principal amount of Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00), (the “Loan”). The closing of the Loan (the “Closing”) shall be held on or around October 15, 2019 (the “Closing Date”), or on such other date and at such other place as Borrower and Lender may mutually agree. Upon the fulfillment of all the conditions precedent set forth in Article III hereof, and provided no event of default exists under this Agreement, the Lender shall make available to the Borrower funds totaling the amount of the Loan to be disbursed in accordance with the Note.

Section 1.2 The Note. The Loan shall be evidenced by a promissory note of Borrower (the “Note”), substantially in the form attached hereto as Exhibit A, duly executed on behalf of Borrower by its authorized representatives and dated the Closing Date. All terms and conditions stated in the Note are hereby incorporated by reference in this Agreement.

Section 1.3 Purpose of the Loan. The Lender and the Borrower agree that the exclusive purpose of the Loan is to provide financing to perform certain pre-development services related to completion to those tenant improvements to the property commonly known as 407 Main Street, Watsonville, California, as set forth in Exhibit A of that Project Management Agreement by and between the parties dated as of October [REDACTED], 2019. Such pre-development services shall

include architectural design, city planning approval, the securing of building permits, and/or such other services as otherwise mutually agreed upon in writing by Lender and Borrower (the “Project”).

Section 1.4 Program Related Investment. Consistent with Code Section 4944(c) and Treasury Regulations Section 53.4944-3:

1.4.1 The primary purpose of this Loan is to accomplish one or more of the purposes of Lender and Borrower described in Code Section 170(c)(2)(B);

1.4.2 No significant purpose of this Loan is the production of income or the appreciation of property; and

1.4.3 No purpose of this Loan is to accomplish one or more of the purposes described in Code Section 170(c)(2)(D).

It is intended that this Loan will significantly further the accomplishment of Lender’s and Borrower’s respective charitable tax-exempt purposes and activities. Lender would not make this Loan but for this relationship between the Loan and the accomplishment of Lender’s exempt purposes.

## **ARTICLE II REPRESENTATIONS AND WARRANTIES**

The Borrower represents and warrants that:

Section 2.1 Organization and Powers. The Borrower is a California nonprofit public benefit corporation, tax exempt under Section 501(c)(3) of the Code. The Borrower has received favorable determinations from the Internal Revenue Service that it is an organization described in Code 501(c)(3), a copy of which Borrower has previously furnished to Lender, and to the best of its knowledge, the facts and circumstances forming the basis for the issuance of said determination have not substantially changed since the date of the issuance thereof and the determination has not been revoked. The Borrower knows of no existing facts or circumstances that would jeopardize its status under Section 501(c)(3) of the Code as set forth in the aforementioned determination letter. Borrower is duly formed, validly existing, and in good standing under the laws of the State of California. Borrower has the power and authority to own, lease or license its assets and properties and to carry on its activities as now conducted and as contemplated to be conducted. Borrower has the absolute power and authority to execute, deliver and perform this Agreement, to execute and deliver the Note, and to borrow hereunder.

Section 2.2 Authorization; Binding Agreement. The execution, delivery and performance by the Borrower of this Agreement, the execution and delivery of the Note, and the borrowing hereunder, have been duly authorized by all requisite corporate action. Upon execution and delivery of each of them by the Borrower, as applicable, this Agreement, the Note, and all other related loan documents (the “Loan Documents”) will constitute the legal, valid, and binding obligations of the Borrower, enforceable in accordance with their terms.

Section 2.3 Litigation. There is no action, suit, or proceeding pending or, to the knowledge of the Borrower, threatened (meaning via letters addressed to recipient or its counsel within the previous 12 months) before any court or governmental or administrative body or agency, nor is there any basis for any such action, that may reasonably be expected to result in a material adverse change in the activities, operations, assets, properties, or condition, financial or otherwise, of the Borrower or to materially impair the ability of the Borrower to perform its obligations under the Loan Documents, that has not been previously disclosed to Lender. The Borrower is not in violation of or, to its knowledge, alleged to be in violation of any judgment, writ, injunction, decree, rule, or regulation of any court or any governmental or administrative body or agency. Should, at the time this Agreement is executed, there be or arise an event or instance in which the above passage is not correct, the Borrower will in its reasonable discretion disclose all such events and attach a summary with all pertinent information to this Loan Agreement in keeping with the provisions of Section 4.6.1 below.

Section 2.4 No Conflicts. The execution, delivery and performance by Borrower of the Loan Documents and the use of the Loan proceeds contemplated hereby will not violate any provision of law, any order, rule, regulation or judgment of any court or governmental or regulatory body applicable to Borrower, the Articles of Incorporation or Bylaws of Borrower, or any indenture, agreement, instrument, or deed of trust to which Borrower is a party or by which Borrower or any of its assets or properties is bound, or conflict with, result in a breach of, or constitute (with due notice, lapse of time, or both) a default under any such indenture, agreement, instrument, or deed of trust, or result in the creation or imposition of any lien, charge, or encumbrance of any nature whatsoever upon any of the assets or properties of Borrower, except as otherwise permitted, required, or contemplated by the Loan Documents. Borrower is not a party to any indenture, agreement, or instrument, nor subject to any restriction, which adversely affects the ability of Borrower to perform its obligations under the Loan Documents. Borrower is not in default or, to Borrower's knowledge, alleged to be in default under any indenture, agreement, or instrument, for borrowed money, or under any indenture, agreement, or instrument which, if in default, might reasonably be expected to result in an adverse change in the activities, operations, assets, properties, or condition, financial or otherwise, of Borrower, or to impair the ability of Borrower to perform its obligations under the Loan Documents.

Section 2.5 Compliance with Government Regulation. Borrower has obtained all necessary licenses, approvals, charters, and authorizations from all appropriate governmental agencies, and unless otherwise contested in good faith is in compliance with all laws, rules, regulations, orders, writs, injunctions, or decrees, the violation of which would have a material adverse effect on the activities, operations, assets, properties, or condition, financial or otherwise, of Borrower to perform its obligations under the Loan Documents.

Section 2.6 No Default. Borrower is in compliance with all of the terms and provisions set forth in the Loan Documents on its part to be observed or performed, and no Event of Default (as defined in Article VI hereof), or any event that, with notice or lapse of time or both, would constitute any such Event of Default, has occurred and is continuing.



Section 2.7 Financial Condition. There has been no material adverse change in the Borrower's financial condition since the date of the Borrower's most recent quarterly financial statements which have heretofore been provided by the Borrower to the Lender. Such financial statements are complete and correct and fairly present in all material respects (a) the financial position of the Borrower as of its respective dates and (b) the results of the Borrower's operations for the respective periods then ended, all in accordance with generally-accepted accounting principles consistently applied.

Section 2.8 Taxes. The Borrower has filed all tax and information returns required to be filed by the Borrower in any jurisdiction, and has paid all taxes, assessments, fees, or other governmental charges which have become due and payable.

Section 2.9 Disqualified Persons. Neither Borrower, nor any director, officer, or employee of the Borrower is a "disqualified person" with respect to the Lender within the meaning of Section 4946(a) of the Code.

Section 2.10 Insurance Coverage. The Borrower has insurance coverage in full force and effect, against such risks and in such amounts as is customarily maintained by organizations engaged in similar activities.

Section 2.11 Indebtedness. Except as disclosed in writing to Lender, Borrower has not incurred, created, assumed, or suffered to exist any debt or obligation for borrowed money, other than indebtedness incurred in the ordinary course of business that will not materially adversely affect the ability of Borrower to perform any of its obligations under the Loan Documents.

### **ARTICLE III CLOSING CONDITIONS**

The obligation of the Lender to make the Loan is subject to the following conditions precedent:

Section 3.1 Loan Documents. The Loan Documents shall have been duly executed as appropriate and delivered to the Lender and shall be in full force and effect.

Section 3.2 Closing Deliveries. On or before the Closing Date, the Borrower shall have delivered to the Lender the following:

3.2.1 Corporate resolutions of the Borrower in a form satisfactory to the Lender, regarding approval of the form, terms, and conditions of the Loan Documents by the Borrower's governing body, and the authorization of the Borrower's officers to sign and deliver this Agreement and the Note;

3.2.2 All such certificates of good standing and certified or other copies of the Articles of Incorporation and Bylaws of the Borrower, records of corporate proceedings of the Borrower;

3.2.3 Any such other documents reasonably related to the performance of the Borrower's obligations under the Loan Documents, in form and substance satisfactory to the Lender, as the Lender may reasonably request.

Section 3.3 Loan Origination Fee. Upon Closing, Borrower shall pay or cause to be paid to Lender in full, a wholly earned, nonrefundable loan origination fee equal to one percent (1%) of the original principal loan amount, which totals an amount equal to Two Thousand Five Hundred and 00/100 Dollars (\$2,500.00).

#### **ARTICLE IV AFFIRMATIVE COVENANTS**

The Borrower covenants and agrees that so long as this Agreement shall remain in effect or the Note shall not have been repaid in full, and unless the Lender shall otherwise consent in writing in advance:

Section 4.1 Use of Proceeds. The Borrower shall use the proceeds of the Loan exclusively for the purposes set forth in Section 1.3, and shall immediately repay any portion of the Loan not used for such purposes.

Section 4.2 Existence and Properties. Borrower shall use its best efforts to do or cause to be done all things necessary to preserve, renew, and keep in full force and effect their corporate existence, privileges, licenses, permits, franchises and insurance coverage; comply with all laws and regulations applicable to them; and obtain and maintain in full force and effect all authorizations, consents, approvals, exemptions, franchises, permits, and licenses of, and filings with, governments or governmental or administrative bodies or agencies necessary for the performance of any act, the carrying on of any activity, or the entering into of any transaction by the Borrower.

Section 4.3 Payment of Indebtedness and Taxes. Borrower shall pay all of its indebtedness and obligations promptly and in accordance with the terms thereof, file or cause to be filed all Federal, state, and local tax or information returns required to be filed by it, and pay and discharge or cause to be paid and discharged promptly any taxes, assessments, and governmental charges or levies imposed upon them or upon their income or profits, or upon any of its property or upon any part thereof, before the same shall become in default, as well as all lawful claims for labor, materials and supplies, or otherwise which, if unpaid, might become a lien or charge upon its property, or any part thereof; *provided, however*, that the Borrower shall be required to pay and discharge or to cause to be paid and discharged any such indebtedness, obligation, tax, assessment, charge, levy, or claim so long as the validity thereof shall be contested in good faith by appropriate proceedings and the each shall have set aside on its books adequate reserves therefor.

Section 4.4 Tax Status. Borrower shall maintain its status as a tax-exempt nonprofit organization under Section 501(c)(3) of the Code.

Section 4.5 Reporting Obligations. Borrower shall furnish, or cause to be furnished, to the Lender:

4.5.1 Unaudited Quarterly Financial Statements. As soon as available, but in no event later than forty-five (45) days after the end of each fiscal quarter in which any amount of the Loan is outstanding to Borrower, Borrower shall provide an internally prepared balance sheet as of the end of such fiscal quarter, and the related statements of income and expenses and changes in financial position, which shall be in reasonable detail and prepared in accordance with generally-accepted accounting principles consistently applied.

4.5.2 Audited Annual Financial Statements. As soon as available, but in no event later than one hundred eighty (180) days after the end of each fiscal year in which any amount of the Loan is outstanding to Borrower, Borrower shall provide a balance sheet as of the end of such fiscal year, and the related statements of income and expenses and changes in financial position, which shall be in reasonable detail, and shall be certified by independent certified public accountants selected by the Borrower, and shall be accompanied by an opinion of such independent certified public accountants, which opinion shall state that such financial statements fairly present the financial position of the Borrower for the period then ended and have been prepared in accordance with generally-accepted accounting principles consistently applied, and that the examination by such accountants has been made in accordance with generally-accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances.

4.5.3 Attendance Reporting.

4.5.3(a) Within thirty (30) days of fiscal year end, School shall provide copies of its P-1, P-2 and P-Final reports as submitted to the California Department of Education (“P-1”, “P-2” and “P-Final”) describing its historical school attendance.

4.5.3(b) Borrower shall provide aggregate information regarding demographics including: Free and Reduce Price Lunch, English Language Learners, ethnicity and Special Education, as requested by Lender and as allowed under applicable law.

4.5.3(c) Borrower shall provide annual reports and any other standard reports submitted to or received from the Charter Authorizer regarding (A) financials, (B) academics and (C) operations of the Borrower.

4.5.4 Current Ratio. Borrower shall demonstrate to Lender, to Lender’s reasonable satisfaction, a Current Ratio (as defined below) for each fiscal year of not less than 1.05 to 1.00. For purposes hereof, the term “Current Ratio” will mean the following (all as calculated for the most current year-end in accordance with GAAP consistently applied): (i) total current assets; divided by (ii) current liabilities, including the current portion of debt service due.

4.5.5. Quick Ratio. Borrower shall maintain a minimum Quick Ratio of not less than 1.00:1.00. For purposes hereof, the School’s “Quick Ratio” shall be determined by dividing (A) the sum of its cash, cash equivalents, marketable securities and accounts receivable, by (B) the sum of its current liabilities.

4.5.6. Annual Positive Cash Flow. Borrower shall be required to maintain a positive net cash flow as determined on an annual basis based on Borrower's Audited Annual Financial Statements.

4.5.7. Debt to Net Assets Ratio. Borrower shall maintain on a Debt to Net Assets Ratio of not more than 3.50 to 1.00, measured as of the end of each of Borrower's fiscal years, commencing with Borrower's fiscal year ending on June 30, 2020. "Debt to Net Assets Ratio" means the ratio of total liabilities divided by total assets.

4.5.8. Lease Coverage Ratio. Borrower shall maintain a Lease Coverage Ratio of not less than 1.15 to 1.00. "Lease Coverage Ratio" means, for any fiscal year, (A) (1) all Borrower Revenues received from the operation of the School for such fiscal year plus (2) any and all grant funds actually received by Borrower for the operation of the School for such fiscal year minus (3) expenses related to the operation of the School for such fiscal year divided by (B) the scheduled lease payments, including any replacement reserve deposits and payments for administrative fees, required to be made by Borrower to lessor pursuant to its Property lease during such fiscal year.

4.5.9. Annual Certification. All computations of the covenants and ratios specified herein shall be certified by Borrower as being true and correct and measured at the end of each of Borrower's fiscal years, which such certifications shall be included in an annual certificate of performance in form and content acceptable to Lender.

4.5.10 Other. Such other information about the activities, business affairs, and financial condition of the Borrower as the Lender may from time to time reasonably request.

Section 4.6 Notice to the Lender. The Borrower shall immediately advise the Lender in reasonable detail of the occurrence of any of the following events:

4.6.1 Any proceeding instituted or threatened (meaning via letters addressed to Recipient or its counsel within the previous 12 months) against the Borrower in or before any court or any governmental or administrative body or agency, which proceeding could have a material adverse effect upon the operations of Borrower or the operations, assets, or properties of Borrower or any investigation, adverse regulatory action, or proposed action by any governmental body or agency against the Borrower;

4.6.2 Any termination, revocation, suspension, or denial of or challenge to the tax-exempt status, or nonprofit corporate status of the Borrower by any governmental authority;

4.6.3 Any change in circumstances that would cause the Loan to no longer to serve the purposes stated in Section 1.3 hereof;

4.6.4 Any use of the Loan proceeds for a purpose other than those set forth in Section 1.3;

4.6.5 Any Event of Default or other event that, with notice or lapse of time or both, would constitute an Event of Default.

4.6.6 Any change to Borrower's status as an exempt organization under Section 501(c)(3) of the Code.

Section 4.7 Evaluation. The Borrower shall give the Lender and its agents and representatives a reasonable opportunity to monitor and evaluate the Borrower's operations, including (i) visiting the Borrower's place of business at reasonable times, and with reasonable advance notice to the Borrower, for observation, with the assistance of the Borrower's personnel as needed, and (ii) meeting with the Borrower's personnel to discuss the Borrower's programs and operations. The Borrower also shall provide the Lender with reasonable advance notice of any meetings of the Borrower's Board of Directors or of its Executive Committee, if any.

## **ARTICLE V NEGATIVE COVENANTS**

The Borrower covenants and agrees that until payment in full of the principal of the Loan, and unless the Lender shall otherwise consent in writing in advance:

Section 5.1 Legislative and Political Uses of Loan Proceeds. The Borrower shall not use any proceeds of the Loan for any of the purposes described in Section 170(c)(2)(D) of the Code, except as permitted by U.S. Treasury Regulations. The Borrower shall not use any proceeds of the Loan to carry on propaganda or otherwise to attempt to influence legislation (within the meaning of Section 4945(d)(1) of the Code), or to influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive (within the meaning of Section 4945(d)(2) of the Code).

Section 5.2 No Material Change. The Borrower shall not make any material change in the nature of its activities as presently conducted that would materially and adversely affect the Borrower's ability to perform under the Loan Documents or the Borrower's ability to operate at the Facility. Furthermore, the Borrower shall not conduct its activities in a manner that materially departs from the representations made in the documents submitted by Borrower to the Lender in connection with Borrower's request for this Loan, if any.

Section 5.3 Acquisition of Business; Merger or Consolidation; Disposal of Assets. The Borrower shall not (a) acquire all or substantially all the assets or properties of any other entity, except by gift, bequest, or other donation, or pursuant to the enforcement of a loan or security interest; (b) sell, lease, transfer, or otherwise dispose of all or any substantial part of its assets or properties, except as previously disclosed to Lender; or (c) voluntarily dissolve, liquidate, merge, or consolidate with or into any other person, firm, corporation, or other business entity.

Section 5.4 Governing Document Amendments. The Borrower shall not amend its Articles of Incorporation or Bylaws in any manner that would cause the Borrower to be in

violation of any provision of the Loan Documents or that would jeopardize the ability of the Borrower to perform its obligations under the Loan Documents.

Section 5.5 Future Indebtedness. Borrower shall repay the Loan prior to or coterminous with incurring any future obligation or receive Lender's consent prior to incurring any future obligation, such consent not to be unreasonably withheld.

## **ARTICLE VI DEFAULT AND REMEDIES**

Section 6.1 Events of Default. The Borrower shall be deemed to be in default under this Agreement upon the occurrence of any of the following events (each of which is herein sometimes called an "Event of Default"):

6.1.1 The Borrower fails to make any payment of principal or interest that is due and payable hereunder, and such default continues unremedied for five (5) days after notice to the Borrower;

6.1.2 The Borrower uses any portion of the proceeds of the Loan for a purpose or in a manner other than specifically authorized by this Agreement;

6.1.3 Any material representation or warranty made in the Loan Documents, or in any report, certificate, financial statement, or instrument furnished in connection with this Agreement or the Loan, shall prove to have been false or misleading when made, in any material respect;

6.1.4 The Borrower violates or fails to observe or perform any covenant contained in Section 4.4 or Section 5.1 hereof;

6.1.5 The Borrower violates or fails to observe or perform any other material covenant contained herein and applicable to it, or any agreement on the part of the Borrower to be observed or performed pursuant to the Loan Documents, other than those referred to above in this Section 6.1, and such default shall continue unremedied for thirty (30) days after notice to the Borrower;

6.1.6 The Borrower shall fail to pay when due, after the expiration of any applicable grace periods, any amounts owing to third parties in respect of obligations for borrowed money aggregating in excess of an amount equal to twenty-five percent (25%) of the original principal balance of the Loan; or the party to whom any such indebtedness is owed shall have notified the Borrower of its intent to accelerate the repayment of such indebtedness;

6.1.7 A judgment or judgments for the payment of money aggregating an amount in excess of fifty percent (50%) of the original principal balance of the Loan shall be rendered against the Borrower, and the same shall not have been discharged or bonded on appeal

for a period of sixty (60) consecutive days, and during such time execution shall not have been effectively stayed;

6.1.8 Property of the Borrower with an aggregate value in excess of the original principal balance of the Loan shall be attached, and such attachment or attachments shall not be discharged or bonded within sixty (60) days of the date thereof; or

6.1.9 The Borrower shall have an order for relief entered against it by a bankruptcy court; or admit in writing its inability to pay its debts as they mature; or make an assignment for the benefit of creditors; or apply for or consent to the appointment of any receiver, trustee, or similar officer for it or for all or any substantial part of its property; or suffer the appointment of such receiver, trustee, or similar officer, which appointment shall continue undischarged for a period of thirty (30) days; or institute (by petition, application, answer, consent, or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation, or similar proceeding relating to the Borrower under the laws of any jurisdiction; or suffer the institution of any such proceeding (by petition, application, or otherwise) against the Borrower, which proceeding shall remain undismissed or unstayed for a period of thirty (30) days; or by any act indicate its consent to, approval of, or acquiescence in such proceeding or the appointment of any receiver or trustee for the Borrower or any substantial part of its property.

6.1.10 The Internal Revenue Service determines that the Borrower is not a tax-exempt organization for purposes of Section 501(c)(3) of the Code.

6.1.11 Any governmental or regulatory entity revokes, repeals, or amends the Borrower's charter; provided, however, any such amendment which does not impair the Borrower's ability to continue in the ordinary course of the Borrower's business or the Borrower's ability to perform its obligations under the Loan Documents will not constitute an Event of Default.

6.1.12 An event of default occurs under any other agreement between the Borrower and the Lender beyond any applicable grace period.

Section 6.2 Remedies. If an Event of Default occurs or is continuing beyond any applicable grace period:

6.2.1 At the option of the Lender, the Lender may, by written notice to the Borrower, declare the Note, and any and all other indebtedness of the Borrower to the Lender, immediately due and payable, whether or not the Note or the other indebtedness shall be otherwise due and payable and whether or not the Lender shall have initiated any other action for the collection of the Note; whereupon the Note and such other indebtedness shall become due and payable, as to the principal, interest, and any other amounts payable, without presentment, demand, protest, or notice of any kind, all of which are hereby expressly waived by the Borrower.

6.2.2 In addition, the Lender may pursue any and all remedies available to it at law or in equity for the collection of the Note and enforcement of the provisions hereof.

Section 6.3 Arbitration.

6.3.1 In the event of any dispute, claim or controversy between or among the Parties to this Agreement arising out of or relating to the Loan Documents, or any breach thereof or the transactions described herein or therein, including, without limitation, any claim that this Agreement or any of its parts is invalid, illegal or otherwise voidable or void, whether such dispute, claim or controversy sounds in contract, tort, equity or otherwise, and whether such dispute, claim or controversy relates to the meaning, interpretation, effect, validity, performance or enforcement of the Loan Documents, such dispute, claim or controversy shall be settled by and through an arbitration proceeding to be administered by the American Arbitration Association (or any like organization successor thereto) at Los Angeles, California, in accordance with the American Arbitration Association's Commercial Arbitration Rules. Each of the parties to this Agreement hereby agrees and consents to such venue and waives any objection thereto. Such arbitration proceeding shall be conducted in as expedited a manner as is then permitted by the commercial arbitration rules (formal or informal) of the American Arbitration Association. Both the foregoing agreement of the Parties to this Agreement to arbitrate any and all such disputes, claims and controversies and the results, determinations, findings, judgments and/or awards rendered through any such arbitration shall be final and binding on the Parties hereto and may be specifically enforced by legal proceedings. Notwithstanding any provision of this Agreement relating to which state laws govern this Agreement, all issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.) and the federal common law of arbitration.

6.3.2 Each party understands and agrees that (a) arbitration is final and binding on all parties, (b) each party is waiving its right to seek remedies in court, including the right to a jury trial, (c) pre-arbitration discovered is generally more limited than and different from court proceedings, and (d) any party's right to appeal or seek modification of rulings by that arbitrator(s) is strictly limited.

## **ARTICLE VII INDEMNIFICATION**

The Borrower hereby indemnifies and agrees to defend and hold harmless the Lender, its directors, officers, employees, agents, funders, and affiliates and the Lender, from and against any and all losses, liability, damages, and expenses (including reasonable attorneys' fees and expenses) which any of them may incur or be obligated to pay in any action, claim, or proceeding against them or any of them, for or by reason of any acts, whether of omission or commission, that may be committed or omitted by the Borrower or any of each of its servants, agents, or employees, in connection with this Agreement. Borrower's obligations hereunder do not apply to any negligent or wrongful acts or omissions or misconduct by Lender or any material breach, default or violation by Lender of any provision of this Agreement. The provisions of this Article and the Borrower's obligations hereunder shall survive any expiration, termination, or rescission of this Agreement.



## **ARTICLE VIII MISCELLANEOUS**

Section 8.1 Project Management. Borrower acknowledges and agrees that Project management shall be provided by the Lender pursuant to the terms of the Project Management Agreement. Notwithstanding any terms in the Project Management Agreement, this Agreement or any Loan Document to the contrary, (a) Lender's obligations, liabilities and responsibility for project management are as set forth and limited in the Project Management Agreement, and in no event shall the Lender be deemed to have assumed, and Borrower hereby waives and releases Lender from, any additional obligation or liability under this Agreement or any Loan Document for any action undertaken by the Lender pursuant to the Project Management Agreement, (b) Lender's obligations, liabilities and responsibility as a Lender are as forth and limited in this Agreement and the Loan Documents, and in no event shall the Lender be deemed to have assumed, and Borrower hereby waives and releases Lender from, any additional obligation or liability under the Project Management Agreement for any action undertaken by the Lender pursuant to this Agreement or any other of the Loan Documents, and (c) no provision herein shall be deemed to release or relieve Lender from its obligations, liabilities or responsibilities under the Project Management Agreement. Borrower shall not modify or amend the Project Management Agreement without the prior written consent of Lender, provided the foregoing shall not be deemed to restrict Borrower's rights under the Project Management Agreement to terminate such agreement as a result of a default by PCSD thereunder which is not cured following expiration of any applicable cure period.

Section 8.2 Entire Agreement. This Agreement and the Exhibits attached hereto constitute the entire agreement between the Parties with respect to the transactions contemplated hereby and supersede all prior agreements or understandings, written or oral, in respect hereof.

Section 8.3 Notices. Any notice or communication required or desired to be given hereunder by either of the parties to the other shall be in writing and delivered by hand or mailed by first class mail or by nationally-recognized overnight courier, postage prepaid (notices shall be deemed given three days after being duly mailed, or one day after being sent by overnight courier), addressed to the party at its address appearing below:

If to the Borrower, to:

Navigator Schools  
650 San Benito Street, Suite 230  
Hollister, CA 95023  
Attention: Kevin Sved, Executive Director

If to the Lender, to:

Pacific Charter School Development, Inc.  
600 Wilshire Blvd., Suite 200

Los Angeles, CA 90017  
Attention: CEO, Treasurer, or General Counsel

Section 8.4 Waiver; Remedies. No waiver of any provision hereof shall be valid unless in a writing signed by the party waiving its rights under the provision. No course of dealing or delay or failure on the part of either party in exercising any right, power, or privilege hereunder shall operate as a waiver thereof or otherwise prejudice such party's rights, powers, or remedies, nor shall any waiver in any particular instance of any right, power, or privilege hereunder on the part of either party operate as a waiver of such or any other right, power, or privilege hereunder in any other instance.

Section 8.5 Assignment/Participation. The Lender may assign or participate all or any portion of its rights or obligations under the Loan Documents, and in the event of such assignment or participation, the assignee shall be accorded the full rights of the Lender by the Borrower with respect to such assignment. The Borrower may not assign all or any portion of its rights or obligations under the Loan Documents without the prior written consent of the Lender, which shall not be unreasonably withheld.

Section 8.6 Headings. The headings in the Loan Documents are for convenience of reference only and shall not affect the meaning or interpretation of the Loan Documents.

Section 8.7 Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute only one agreement.

Section 8.8 Governing Law. The Loan Documents shall be governed by and construed in accordance with the laws of the State of California applicable to agreements made and to be performed entirely within such State.

Section 8.9 Severability. If any provision of the Loan Documents shall for any reason be held to be illegal, invalid, or unenforceable, such illegality shall not affect any other provision of the Loan Documents, but the Loan Documents shall be construed as if such illegal, invalid, or unenforceable provision had never been contained herein.

Section 8.10 Modification; Amendment. No change, modification or amendment of any provision hereof shall be valid unless in a writing signed by the party to be bound.

Section 8.11 Other Parties. Nothing in the Loan Documents shall be construed as giving any person, firm, corporation, or other entity other than the Parties any right, remedy, or claim under or in respect of the Loan Documents or any provision thereof.

*[The remainder of this page is intentionally left blank]*

IN WITNESS WHEREOF, the Parties' duly authorized representatives have signed this Agreement below.

LENDER:

Pacific Charter School Development, Inc., a  
California nonprofit public benefit corporation

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

Typed Name: John Sun

Title: President and CEO

BORROWER:

Navigator Schools, a California nonprofit public  
benefit corporation

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

Typed Name: Kevin Sved

Title: Executive Director

**EXHIBIT A**

Promissory Note  
(See Document Attached Hereto)

## PROMISSORY NOTE

Date: October 22, 2019

Amount of Loan: \$250,000.00

Navigator Schools, a California nonprofit public benefit corporation (the “Borrower”), for value received, hereby promises to pay to the order of Pacific Charter School Development, Inc., a California nonprofit public benefit corporation (the “Lender”), or holder, at its offices at 600 Wilshire Blvd., Suite 200, Los Angeles, CA 90017 or at such other place or places in the United States of America as the holder hereof may designate in writing from time to time, the amount of Two Hundred Fifty Thousand (\$250,000.00)(the “Loan”) with interest from the date of this Note on the Loan amount disbursed to or on behalf of Borrower from time to time until maturity at the rate of one point five percent (1.5%) per annum (based on a 360-day year), in accordance with the terms of this Note, as set forth below.

This Note is referred to in that certain Loan Agreement dated as of even date herewith, by and between Lender and Borrower (as the same may be amended, restated or otherwise modified from time to time, and the holder hereof is entitled to the benefits of such Loan Agreement and may enforce the provisions thereof and exercise the remedies provided thereunder or otherwise available in respect thereof. Any capitalized term not defined herein shall have the meaning set forth in the Loan Agreement.

The terms of this Note are subject to the terms and conditions of the Loan Agreement. To the extent that the terms of the Note are in conflict with the Loan Agreement, the terms of the Loan Agreement shall control.

2. Definitions. Unless otherwise defined in this Note, capitalized terms used herein will have the following meanings.

“**Applicable Rate**” means an interest rate equal to one point five percent (1.5%) per annum.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in California are authorized or required by law to close.

“**Default**” means any of the events specified in the Loan Agreement.

“**Default Rate**” means an interest rate equal to eight percent (8%).

“**Event of Default**” has the meaning set forth in either the Loans

“**Governmental Authority**” means the government of any nation or any political subdivision thereof, whether at the national, state, territorial, provincial, municipal or any other level, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or

functions of, or pertaining to, government (including any supranational bodies such as the European Union or the European Central Bank).

“**Maturity Date**” means the earliest of (a) September 30, 2024 and (b) the date on which all amounts under this Note are declared due and payable in accordance with Section 6 of this Loan Agreement.

“**Order**” as to any Person, means any order, decree, judgment, writ, injunction, settlement agreement, requirement or determination of an arbitrator or a court or other Governmental Authority, in each case, applicable to or binding on such Person or any of its properties or to which such Person or any of its properties is subject.

“**Person**” means any individual, corporation, limited liability company, trust, joint venture, association, company, limited or general partnership, unincorporated organization, Governmental Authority or other entity.

### 3. Borrower Contribution.

3.1 Pursuant to Section 3.3 of the PMA, Borrower shall deposit its Client Contribution, as defined in the PMA, its own funds into an account designated by Lender. The Client Contribution shall be released from the designated account by Lender for application to Project costs in accordance with Section 3 of this Agreement.

3.2 It is the intention of the parties that Borrower shall indemnify and hold Lender harmless for all costs incurred in connection with this Agreement, including, without limitation, out-of-pocket expenses.

### 4. Funds Release Procedures

4.1 As a requirement for any disbursements by the Lender, including the initial disbursement and any subsequent disbursements, Borrower shall make an application for release of funds (a “Funds Release”) by sending Lender a release of funds request, together with a detailed breakdown of the Project costs to which the release of funds will be applied (each a “Release of Funds Request”), provided that all disbursements shall not be more frequent than once per month. Release of Funds Requests may be submitted by electronic mail. Such request shall be signed by an authorized officer of Borrower, or such other person as is designated in writing by the Borrower (the “Authorized Representative”). Lender shall review and approve or disapprove of such Release of Funds Request.

4.2 No Funds Release shall be permitted or authorized unless the conditions and requirements for the release of funds set forth in this Agreement have been satisfied, or have been waived in writing (which may be by electronic mail) by Lender. Lender shall have the right to take such actions as the Lender, under the Loan Agreement, would be entitled to take to verify that such conditions and requirements for the release

of Loan funds have been satisfied, and to obtain such lien releases and other assurances as the Lender would be entitled to receive in accordance with the terms of the Loan Agreement. Borrower shall promptly address any deficiency identified by Lender as a condition to any subsequent Fund Release. If Lender determines that all conditions and requirements for a Funds Release hereunder shall have been fulfilled, then Lender shall authorize a Funds Release as provided in this Agreement.

4.3 Lender may retain an inspecting architect (“Lender’s Inspector”), and any other consultants deemed necessary or desirable by Lender, at Borrower's expense, to make periodic inspections of the Project in connection with each Release of Funds Request to confirm that the Project is in compliance with the disbursement requirements and to review all change orders relating to the Project for which the Loan Agreement requires Lender’s approval (which change orders must be fully executed by the Architect, the Contractor and the Borrower). Lender may request the Lender’s Inspector, before any Funds Release is made, to inspect all work and materials for which payment is requested and all other work upon the Project, review the current Release of Funds Request, approve such work and Release of Funds Request and/or submit to Lender a progress inspection report. Lender may also retain such other consultants as Lender reasonably deems necessary or convenient to perform such services as may, from time to time, be required by Lender in connection with the Loans, this Agreement, the other Loan Documents, Lender and its respective agents and representatives, as well as Lender’s Inspector, shall have the right to enter and visit the Property at any reasonable time following reasonable notice to the Borrower for the purposes of performing an appraisal, observing the work of construction and examining all materials, plans and specifications, specifications, working drawings and other matters relating to the construction.

4.4 Upon authorization of each Funds Release, disbursement of funds shall be as follows: *first*, the balance of Borrower’s Client Contribution then deposited with Lender shall be applied to the Project costs identified in the applicable, approved Release of Funds Request; and *second*, Loan funds shall then be applied to the remaining balance, if any, of such Project costs in the Release of Funds Request.

4.5 If at any time, in the Lender’s Inspector’s opinion, the actual cost to complete construction of the Project in accordance with the Project budget (including the amount to pay for all work to be done and all materials to be furnished to complete the construction of the Project in each category of cost referred to in the budget, including installation of all fixtures, equipment, and all other finish materials required for use, occupancy and operation of the Project), exceeds the sum of the Borrower’s Client Contribution then deposited with Lender and Loan proceeds available to be disbursed (the amount by which such cost exceeds the sum of such amounts hereinafter be referred to as the “Deficiency”), Lender may require Borrower to deposit into the designated account (and Borrower shall deposit within ten (10) Business Days after

written notice from Lender) funds in the amount of the Deficiency (“Deficiency Deposit”). In the event Lender shall so determine that there is a Deficiency, then Lender will be deemed to reject any Funds Release and no further Funds Releases shall be made until Borrower shall have fully complied with this requirement.

4.6 Notwithstanding anything to the contrary herein, Lender is hereby authorized to release the funds from the designated account (i) to pay any debt service due under the Loan and (ii) to pay costs and expenses payable by Borrower to Lender under the Loan Agreement.

5. Conditions Precedent to Funds Releases. As conditions precedent to approval of each Release of Funds Request, each of the following conditions shall have been fulfilled by Borrower, and approved by Lender, unless otherwise mutually agreed upon in writing by Borrower and Lender):

5.1 A copy of a Release of Funds Request shall be submitted to Lender by Borrower Lender shall have approved such Release of Funds Request;

5.2 All insurance coverage required to be maintained by the Borrower under the Project Management Agreement or by law shall be in full force and effect;

5.3 All representations and warranties contained in this Agreement and in the Loan Documents shall be true and correct in all material respects;

5.4 The Loan Agreement shall be in full force and effect, and no Event of Default under the Loan Agreement shall have occurred and be continuing;

5.5 No suit or proceeding at law or in equity, and no investigation or proceeding of any governmental body, has been instituted or, to the knowledge of Borrower, has been threatened, which in either case would have a material adverse effect upon the condition or business operations of Borrower or the Project;

5.6 There shall be no Deficiency, or any required Deficiency Deposit has been made by Borrower into the Construction Escrow;

5.7 All governmental consents, licenses, permits and all other authorizations or approvals then required with respect to the work covered by a Release of Funds Request shall have been obtained and/or issued, and all other governmental consents, licenses, permits and all other authorizations or approvals required for construction of the Project shall have been obtained, and/or issued, or will be timely obtained;

5.8 Copies of invoices or other acceptable documentation, together with evidence of payment of prior invoices, including cancelled checks and/or electronic receipts, shall have been submitted to substantiate the Borrower’s request for payments for costs incurred for the Project;



5.9 Lender shall have received such other evidence as they may reasonably request that construction of the Project is proceeding substantially in accordance with and the Project budget, which shall not have been amended, except as expressly consented to by Lender;

5.10 Borrower shall have furnished to Lender such other instruments, documents, certificates, endorsements, invoices and opinions as Lender may request to confirm satisfaction of the foregoing conditions;

6. Interest and Principal Payments.

6.1 Interest-Only Payments. Beginning on November 1, 2019 and continuing on the first day of each month thereafter until the Loan and all related costs and fees are paid in full to Lender, the Borrower shall make monthly interest-only installments payable in arrears.

7. Optional Prepayment. The Borrower may prepay the Loan in whole or in part at any time or from time to time without penalty or premium by paying the principal amount being prepaid together with accrued interest thereon through the date of prepayment. No principal amount that is prepaid may be re-borrowed by the Borrower.

8. Interest.

8.1 Default Interest. If any amount payable hereunder is not paid when due (without regard to any applicable grace periods), whether on the Maturity Date, by acceleration or otherwise, such overdue amount will bear interest at the Default Rate from the date of such non-payment until such amount is paid in full.

8.2 Interest Rate Limitation. If at any time and for any reason whatsoever, the interest rate or Default Rate payable on the Loan will exceed the maximum rate of interest permitted to be charged by the Lender to the Borrower under California law, then such interest rate will be reduced automatically to the maximum rate of interest permitted to be charged under California law.

9. Payment Mechanics.

9.1 Manner of Payment. All payments of interest and principal will be made in lawful money of the United States of America no later than 12:00 PM on the date on which such payment is due by wire transfer or check payable to Lender.

9.2 Application of Payments. All payments made hereunder will be applied first, to the payment of any fees or charges outstanding hereunder, second, to accrued interest, and third, to the payment of the principal amount outstanding under this Note.

9.3 Business Day Convention. Whenever any payment to be made hereunder will be due on a day that is not a Business Day, such payment will be made on the next succeeding Business Day and such extension will be taken into account in calculating the amount of interest payable under this Note.

10. Representations, Warranties and Covenants. The Borrower hereby represents, warrants, and covenants to the Lender on the date hereof as follows:

10.1 Existence. The Borrower is a California nonprofit public benefit corporation.

10.2 Power and Authority. The Borrower has the power and authority, and the legal right, to execute and deliver this Note and to perform its obligations hereunder.

10.3 Authorization; Execution and Delivery. The execution and delivery of this Note by the Borrower and the performance of its obligations hereunder have been duly authorized by all necessary action in accordance with all applicable California law. The Borrower has duly executed and delivered this Note.

10.4 No Approvals. No consent or authorization of, filing with, notice to or other act by, or in respect of, any Governmental Authority or any other Person is required in order for the Borrower to execute, deliver, or perform any of its obligations under this Note.

10.5 No Violations. The execution and delivery of this Note and the consummation by the Borrower of the transactions contemplated hereby do not and will not (a) violate any provision of the Borrower's organizational documents or charter; (b) violate any law or Order applicable to the Borrower or by which any of its properties or assets may be bound; or (c) constitute a default under any material agreement or contract by which the Borrower may be bound.

10.6 Enforceability. The Note is a valid, legal and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

11. Events of Defaults and Remedies. In case an Event of Default under the Loan Agreement shall occur and be continuing, the unpaid balance of this Note may be declared and become due and payable in the manner and with the effect provided in the Loan Agreement.

## 12. Miscellaneous.

12.1 Notices. All notices, requests or other communications required or permitted to be delivered hereunder will be delivered in writing to such address specified in the Loan Agreement.

12.2 Expenses. The Borrower will reimburse the Lender on demand for all reasonable out-of-pocket costs, expenses and fees (including reasonable expenses and fees of its counsel) incurred by the Lender in connection with the transactions contemplated hereby including the negotiation, documentation and execution of this Note and the enforcement of the Lender's rights hereunder.

12.3 Governing Law. This Note and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Note and the transactions contemplated hereby will be governed by California law.

12.4 Counterparts; Integration; Effectiveness. This Note and any amendments, waivers, consents or supplements hereto may be executed in counterparts, each of which will constitute an original, but all taken together will constitute a single document. This Note constitute the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous agreements and understandings, oral or written, with respect such subject matter. Delivery of an executed counterpart of a signature page to this Note by facsimile or in electronic (*i.e.*, "pdf" or "tif") format will be effective as delivery of a manually executed counterpart of this Note.

12.5 Successors and Assigns. Lender may assign or transfer this Note in its sole and absolute discretion. Borrower may not assign or transfer this Note or any of its rights hereunder without the prior written consent of the Lender. This Note will inure to the benefit of and be binding upon the Parties hereto and their permitted assigns.

12.6 Waiver of Notice. The Borrower hereby waives presentment, demand for payment, protest, notice of dishonor, notice of protest or nonpayment, notice of acceleration of maturity and diligence in connection with the enforcement of this Note or the taking of any action to collect sums owing hereunder.

12.7 Amendments and Waivers. No term of this Note may be waived, modified or amended except by an instrument in writing signed by both Parties hereto. Any waiver of the terms hereof will be effective only in the specific instance and for the specific purpose given.

12.8 Headings. The headings of the various Sections and subsections herein are for reference only and will not define, modify, expand or limit any of the terms or provisions hereof.

12.9 No Waiver; Cumulative Remedies. Borrower agrees to perform and comply with each of the covenants, conditions, provisions, and agreements applicable to or to be performed by Borrower contained in the Loan Agreement. No failure to exercise and no delay in exercising on the part of the Lender, of any right, remedy, power or privilege hereunder or pursuant to the Loan Agreement will operate as a waiver thereof; nor will any single or partial exercise of any right, remedy, power or privilege in any of the Loan Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

12.10 Severability. If any term or provision of this Note is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of this Note or invalidate or render unenforceable such term or provision in any other jurisdiction.

*[Remainder of Page Intentionally Left Blank]*

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA (WITHOUT GIVING EFFECT TO THE CHOICE OF LAW PRINCIPLES OF SUCH STATE).

BORROWER:

Navigator Schools, a California nonprofit public benefit corporation

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

Typed Name: Kevin Sved

Title: Executive Director

# Coversheet

## Professional Services Agreement With Edgility

**Section:** II. Topical Items  
**Item:** F. Professional Services Agreement With Edgility  
**Purpose:** Vote  
**Submitted by:**  
**Related Material:** BR 2019\_09 Compensation Study Memo Proposal.pdf



Date: October 28, 2019

To: Board of Directors

From: Kevin Sved, CEO

Re: Authorization to Contract Services From Edgility Consulting for Compensation Study

### **Recommendation**

It is recommended that the Board authorize the CEO to utilize paid consultancy during the Navigator Schools compensation study.

### **Background**

Navigator Schools relentlessly strives to attract, recruit, hire, and retain high caliber, mission-fit talent in all positions. One important element in successfully fulfilling the above positions is ensuring that compensation is fair, competitive, and encourages employees to continue their professional development. Navigator Schools is interested in partnering with a consultant to redefine our compensation program. We want to implement a 'deep dive' to ultimately produce a complete compensation program where employees feel valued, are supported in their professional growth, and know that their wages are competitive with neighboring districts and charter schools.

The key reasons for partnering with a consultant to support the redesign of Navigator's compensation program include:

1. Knowledge in field
2. Experience creating compensation programs and structures
3. Neutral outside expert
4. Charter school world connections
5. Edgility has done this exact work in our geographical area
6. Good relationship and history with Navigator
7. Capacity-building for future compensation work is built into their consulting services
8. Access to compensation information from other charter school organizations
9. Price is competitive in comparison to other agencies

Staff contacted several firms to explore services and compare fees. The fee comparisons are below:

- Edgility: \$25,000 all site staff, \$30,000 all staff (including CMO)
  - includes guidance on producing criteria for levels of performance/expertise, bonus structure
- SMB/PayScale: \$10,000 to \$15,000 a year
  - does not include support with building a criteria for levels of performance/expertise, bonus structure

- Korn Ferry: the company reviewed our quote request and concluded that their agency does not have sufficient data on school systems similar to ours in their database that would enable them to support us in our study

Based on the research, I recommend that we partner with Edgility. Our Director of Human Resources, Melissa Alatorre Alnas, first learned of their work in the charter school compensation field at the 2019 California Charter Schools Association Conference. She attended an Edgility seminar on compensation and was very impressed with their expertise.

The proposal from Edgility is attached. The timeline to complete the project would be as follows:

1. Bring recommendations regarding teacher compensation to the Board at the February 4, 2020 meeting in advance of offers going out in March and early April
2. Bring recommendations for all other positions to the Board at the April 28, 2020 meeting for offers to go out in early May.

### **Fiscal Impact**

If partnering with Edgility is approved, the budget impact of the consultancy will total \$25,000 to \$30,000. As fiscal responsibility is of utmost importance, the Director of Business and Finance has confirmed that the consultancy cost can be paid from the surplus in support office donations received for 2019-20.

### **Organizational Health**

It is imperative to maintain and build on the gains made by Navigator Schools in strengthening organizational health. Acknowledging the dedication, hard work, and perseverance that our employees in all positions put into our schools and organization every day is crucial to Navigator's continued success. An important part of that acknowledgement is fair and competitive compensation.

### **Summary**

Navigator Schools is a strong charter school organization that has achieved much success. The success has been built by Navi employees at all levels. In order to attract and retain high caliber, mission-fit individuals, it is imperative to remain as competitive as possible in the areas of positive culture, professional development, and compensation. It is recommended that the Board approves the utilization of compensation consultancy as described in the Board Report.

Attachments:

- Edgility Proposal
- Resolution



## BOARD RESOLUTION 2019-09

*October 28, 2019*

### Authorization to Engage Edgility Consulting to Support Compensation Study

A RESOLUTION OF THE BOARD OF DIRECTORS of Navigator Schools authorizing approval of a professional services agreement with Edgility Consulting:

WHEREAS Navigator Schools recognizes that the success that our organization has achieved is built on the hard work of Navigator employees at all levels;

WHEREAS Navigator leadership knows that in order to attract and retain high caliber, mission-fit individuals, it is imperative to remain as competitive as possible in the areas of positive culture, professional development, and compensation;

WHEREAS Edgility Consulting specializes in compensation research and the development of compensation frameworks in the field of education, including charter schools; and

WHEREAS Edgility has confirmed expertise, interest, and experience in supporting the implementation of equitable compensation structures at Navigator Schools;

RESOLVED, the CEO of Navigator Schools is authorized to contract services from Edgility Consulting for a compensation study.

This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of Navigator Schools at its regular meeting held on October 28, 2019 in Hollister, California.

\_\_\_\_\_  
Signature of Board Chair  
Caitrin Wright  
Navigator Schools, a California Nonprofit Public Benefit Corporation

The Secretary of the Corporation certifies that the above is true and copy of the resolution that was duly adopted at the dated meeting of the board of directors.

\_\_\_\_\_  
Signature of Secretary

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed name of Secretary

# Navigator Schools

## Edgility Proposal for Compensation Study & Design

September 24, 2019



Connecting the schools of tomorrow with the leaders they need today.

Powered by BoardOnTrack

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## WHO WE ARE

Edgility Consulting has unparalleled experience in compensation design for school organizations and social impact nonprofits. Having led salary studies and searches for clients in this space over the past decade, Edgility has unique, real-world expertise on designing competitive compensation structures that best position organizations to capture the level of talent required to achieve their mission while avoiding unnecessary strain on scarce resources by being outside market ranges.

Edgility and its founders have worked with hundreds of education organizations across the country on a variety of compensation and projects, including:

- Leadership Public Schools
- College Track
- Oakland School for the Arts
- ACE Charter Schools

Please visit [www.edgilityconsulting.com](http://www.edgilityconsulting.com) for more details about our work.

## OUR COMMITMENT TO QUALITY

90%

of Edgility clients were "very satisfied and/or extremely satisfied" with our services.

95%

of Edgility clients were "likely" or "very likely" to work with our team again.

95%

of Edgility clients would recommend our services.

## WHO WE ARE

As a national firm, Edgility works with education organizations of varying types and sizes across the country, including school districts, charter schools and school management organizations, mission-driven nonprofits and companies, and funders. Every project is led by one of our experienced founders, who bring in other targeted team members based on the nature of the project and the client.

At Edgility, we keep diversity, equity, and inclusion at the core of our work. Our rich variety of networks, perspectives, and abilities lead us to do our best work, providing client leadership with deeper insights and opportunities.

In a proactive and intentional way, we encourage clients to move their culture forward emphasizing equity at each stage of our engagements, from project scoping, needs assessment, outreach, selection strategy, compensation, developing career pathways and board advisement.





## MANAGEMENT TEAM

### Christina L Greenberg, Partner

Christina is passionate about helping entrepreneurial education organizations find, hire and support high-quality talent. Before cofounding Edgility, she was the Founder and Principal of Redwood Circle Consulting (another education sector talent management firm) for five years. Previously, Christina was the Director of Admissions and Strategic Partnerships for New Leaders' California operation from 2006-2010 where she led the recruitment, selection, and placement of Resident Principals and managed efforts to establish and maintain strategic partnerships for the Bay Area region.

Earlier in her career, Christina was the VP, Programs and Development for RISE, working to recruit and retain high quality teachers in schools serving low-income students. She also worked on a 1998 U.S. Senate campaign, served as the Program Officer for the Streisand Foundation, and was a budget policy analyst and researcher for government agencies. Christina received a Bachelor of Arts in Political Science from UCLA and a Master in Public Affairs from the Woodrow Wilson School at Princeton University. She lives in Oakland, CA and is a board member for Urban Montessori Charter School.

“Through conducting extensive research and having an in-depth expertise in nonprofit compensation, Edgility helped College Track understand how we compare in terms of compensation and benefits to similar organizations in our industry and markets. Through this partnership we were able to get clear on role descriptions and the markets in which they compete as well as assess our benefits package and determine highly beneficial changes that are attracting and retaining top talent.”

— Margaret Winnen, Director of HR & Talent Development, College Track



## MANAGEMENT TEAM

### Allison Wyatt, Partner

Allison is passionate about building sustainable, momentum-building talent practices in organizations committed to game-changing innovations that lead to exceptional, scalable results for all students.

Allison's experience spans both the for-profit and nonprofit sectors. Prior to launching Edgility Allison built and scaled a Human Capital consulting practice at a national retained executive search firm. In addition, she has served as a talent executive in a national, rapidly growing education reform organization as the Vice President of Human Capital for Education Pioneers. In this role, Allison was responsible for building the organization's HR department from the ground up to fuel the growth of the organization's operating budget and staff by over 500%. Allison began her career at a subsidiary of Time Warner where she led the company's college recruiting program and provided HR support to the international, sales and marketing, and business development units. She received her Masters in Business Administration degree from The MIT Sloan School of Management and her Bachelor of Arts in East Asian Studies from Wesleyan University.

"Working with Edgility on our compensation structure was invaluable. We now have a clear sense of where we stand in the market, and areas where we can grow and improve in. The data we received was detailed and easy to understand, and we were able to provide clarity to our employees as well. We would definitely use them again."

— Shawn Gerth, Managing Director of Academic Operations & Vision, ACE Charter Schools

## OUR STRENGTHS

Extensive, relevant experience in leadership, compensation and executive recruiting within public education, particularly in underserved communities.

Strategic approach that balances real data about what works for your organization with an understanding of your culture and structure.

The use of innovative and impactful technology, data-sets and tools.



## WHAT WE DO

For you, our process is as follows:

- » Context Building
- » External Benchmarking
- » Structure Design
- » Client Support

Throughout the process, we schedule regular check-in calls to share insights with the appropriate point people at your organization as well as gather real-time feedback to inform our process. Christina Greenberg will lead this engagement with support from Jen Svendsen, our Compensation Analyst. For more details about our team, please visit [this page](#) of our website.



**Context Building**



**External Benchmarking**



**Structure Design**



**Client Support**

## WHAT WE DO

- » **Context Building**
- » External Benchmarking
- » Structure Design
- » Client Support



### Context Building

The first stage of our process is to understand the internal context of your organization, and how compensation fits into your total value proposition. This can include conversations with staff, senior leaders and other key stakeholders. In addition, we review key materials such as strategic planning documents, staff surveys, organizational charts and job descriptions.

### Deliverables

- Summary of data collected
- Recommendations regarding compensation philosophy and guidelines (geographic differentials, target market percentile, study and structure design, etc.)
- Suggested list of data sources and peer organizations to include in study
- Recommended questions to include in benefits survey

## WHAT WE DO

- » Context Building
- » External Benchmarking
- » Structure Design
- » Client Support



### External Benchmarking

The next stage of our process is to identify external comparison organizations and research their compensation offering including salary, bonus, benefits and retirement.

### Deliverables

- Summary of external findings related to the components of comparison org compensation (stipend, bonus, salary, etc.)

## WHAT WE DO

- » Context Building
- » External Benchmarking
- » **Structure Design**
- » Client Support



### Structure Design

Once we have collected and analyzed data about current compensation in the market, we will build a recommended salary structure for each position and level within your organization as well as provide suggestions for your benefits policies and other employee supports.

### Deliverables

- Recommended salary and bonus structure
- Recommendations on other elements of compensation, including benefits

## WHAT WE DO

- » Context Building
- » External Benchmarking
- » Structure & Philosophy Design
- » **Client Support**



### Client Support

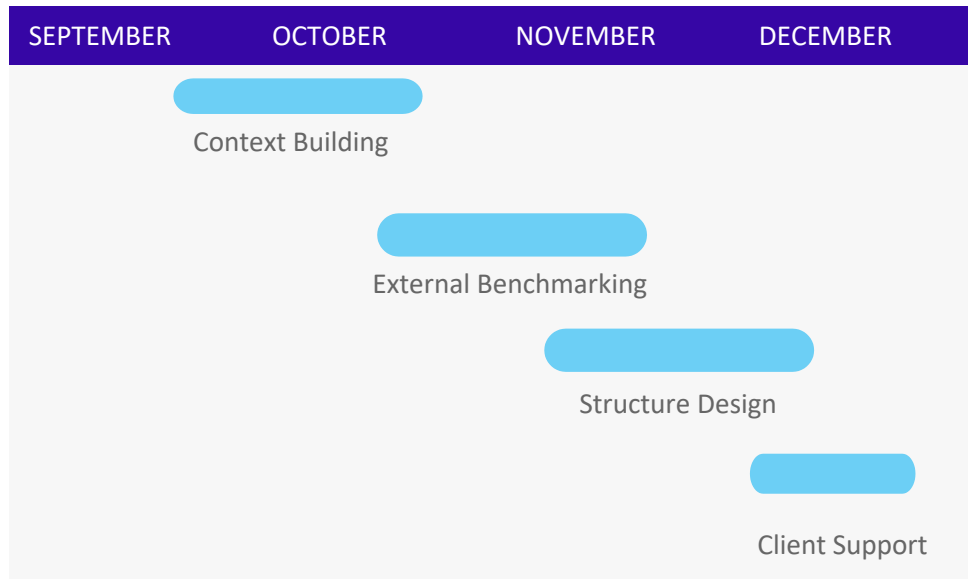
After you review our initial recommendations and provide your feedback we will develop final recommendations and offer support on implementation. This includes frameworks and tools to guide future compensation decisions to ensure internal equity over time. In addition, we will present our findings and recommendations via webinar to key stakeholder groups if desired.

### Deliverables

- Full report including overview of methodology, data sources, and guiding principals to use for presentation and internal distribution

## SCHEDULE

Typically, an engagement of this nature takes approximately three months to complete. Suggested timeline is as follows:



### Early OCTOBER

Kick-off meeting, conduct internal research and synthesize findings.

### Late OCTOBER

Present recommendations on philosophy and structure design.

### OCTOBER - NOVEMBER

Conduct external benchmarking.

### NOVEMBER – Early DECEMBER

Build salary ranges and finalize recommendations.

### DECEMBER

Provide consulting on implementation to client; present findings and recommendations to relevant stakeholder groups.

## PROJECT FEE

The fee for this project as outlined above would be \$30,000\*, assessed on the following schedule:

- 50% payable upon signature of the contract;
- 50% payable when our final deliverable is presented to project sponsors.

\*If we were to only benchmark teachers and other site-based staff (i.e. not include the central office team), the fee would be \$25,000.



## THANK YOU

Thank you for the opportunity to submit a proposal to Navigator Schools to conduct a salary and benefits study and support the design of your compensation program. Edgility Consulting has unparalleled experience in compensation design for education and youth focused nonprofits. Having led salary studies and searches for hundreds of clients in this space over the past decade, Edgility has unique, real-world expertise on designing competitive compensation structures that best position organizations to capture the level of talent required to achieve their missions while avoiding unnecessary strain on scarce resources by being outside market ranges.

