



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.

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 10, 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.

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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