

BOARD RESOLUTION 2020-09

April 28, 2020

Authorization of Loan Acceptance from Paycheck Protection Program

A RESOLUTION OF THE BOARD OF DIRECTORS of Navigator Schools regarding the acceptance of a \$1,765,000 loan through the Paycheck Protection Program:

WHEREAS challenges inherent to an unprecedented public health crisis continue to evolve as a result of the COVID-19 pandemic,

WHEREAS the Navigator Schools Board of Directors agrees that current economic uncertainty makes this loan request necessary to support the ongoing operations of Navigator Schools,

WHEREAS the Navigator Schools Board of Directors confirms that Navigator Schools meets the requirements of the Paycheck Protection Program administered by the United States Small Business Administration, and

WHEREAS the Navigator Schools CEO with support of the Director of Business and Finance submitted the loan application for the Paycheck Protection Program through Merchant Bank and was approved for \$1,765,000 (2.5 x average monthly payroll of \$706,000),

RESOLVED, the Navigator Schools Board of Directors authorizes the CEO to accept the loan of \$1,765,000 provided through the Paycheck Protection Program.

The officers of this corporation are authorized to perform the acts necessary to carry out this resolution. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of Navigator Schools at a regular meeting held on April 28 via teleconference.

Caitrin Wright

Board Chair

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 Navigator Schools Board of Directors.

John Flaherty, Secretary

Date



Paycheck Protection Program Application Form

OMB Control No.: 3245-0407
Expiration Date: 09/30/2020

Non-Profit <input checked="" type="checkbox"/> Vet Org <input type="checkbox"/> Tribal <input type="checkbox"/> Ind. Cont. <input type="checkbox"/> Self Employed <input type="checkbox"/>		DBA or Tradename if applicable	
Business Legal Name Navigator Schools			
Business Primary Address 650 San Benito St., Ste. 230 Hollister CA 95023		Business TIN (EIN,SSN) 27-4238843	Business Phone (831)217-4881
		Primary Contact Ami Ortiz	Email Address ami.ortiz@navigatorschools.org

Average Monthly Payroll:	\$706,000	X-2.5 equals Loan Amount:	\$1,765,000	Number of Jobs:	188
Purpose of the loan (select more than one):					
<input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Rent / Mortgage Interest <input type="checkbox"/> Utilities <input type="checkbox"/> Other (explain):					

Applicant Ownership

List all owners of Applicant with greater than 20% ownership stakes. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN,SSN)	Address
Non-Profit Board of Directors		N/A		

If questions (1) or (2) below are answered "Yes," the loan will not be approved.

Question	Yes	No
1. Is the Business or any owner presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Has the Business, any of its owners, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Is the Business or any owner an owner of any other business or have common management with any other business? If yes, attach a listing of all Affiliates and describe the relationship as addendum A.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Has the Business received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Applicants who are individuals and all 20% or greater owners of the business must answer the following questions. If questions (5) or (6) are answered "Yes" or question (7) is answered "No", the loan will not be approved.

Question	Yes	No
5. Are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, on probation or parole?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Initial here to confirm your response to question 5 →		
6. Within the last 7 years, for any felony or misdemeanor for a crime against a minor, have you: 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Initial here to confirm your response to question 6 →		
7. <input checked="" type="checkbox"/> I am a U.S. Citizen OR <input type="checkbox"/> I have Lawful Permanent Resident status <input type="checkbox"/> No		
Initial here to confirm your response to question 7 →		



**Paycheck Protection Program
Application Form**

OMB Control No.: 3245-0407
Expiration Date: 09/30/2020

By Signing Below, You Make the Following Representations, Authorizations, and Certifications

REPRESENTATIONS AND AUTHORIZATIONS

I represent that:

- I have read the Statements Required by Law and Executive Order included in this form, and I understand them.
- I will comply, whenever applicable, with the civil rights and other limitations in this form.
- All SBA loan proceeds will be used only for business related purposes as specified in the loan application.
- To the extent feasible, I will purchase only American-made equipment and products.
- The Applicant is not engaged in any activity that is illegal under federal, state or local law.

For Applicants who are individuals and all Associates: I authorize the SBA to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.

CERTIFICATIONS

The Business and each 20% or greater owner must certify in good faith to all of the below by **initialing** next to each one:

- KS Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.
- KS The funds will be used to retain workers and maintain payroll or make mortgage payments, lease payments, and utility payments; I understand that if the funds are used for unauthorized purposes, the federal government may pursue criminal fraud charges.
- KS Documentation verifying the number of full-time equivalent employees on payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight week period following this loan will be provided to the lender.
- KS Loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities. Due to likely high subscription, it is anticipated that not more than twenty-five percent (25%) of the forgiven amount may be for non-payroll costs.
- KS During the period beginning on February 15, 2020 and ending on December 31, 2020, the Applicant has not and will not receive another loan under this program.
- KS I further certify that the information provided in this application and the information that I have provided in all supporting documents and forms is true and accurate. I realize that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.
- KS I acknowledge that the lender will calculate the eligible loan amount using tax documents I have submitted. I affirm that these tax documents are identical to those I submitted to the IRS. I also understand, acknowledge and agree that the Lender can share the tax information with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

Kevin Sved
Signature of Authorized Representative of Business

KEVIN SVED
Print Name

4-3-2020
Date

CEO
Title

N/A - Non-Profit Corp
Signature of Owner of Applicant Business

Print Name

Date

Title

Principal	Loan Date	Maturity	Loan Number	Call / Coll	SBA Loan #	Port #
1,765,000.00	4/23/2020	4/23/2022	700000058892	1000	8053737110	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "*****" has been omitted due to text length limitations.

Borrower: NAVIGATOR SCHOOLS 277 IOOF AVE GILROY, CA 95023			Lender: Mechanics Bank P. O. Box 6010 Santa Maria CA 93456-6010		
Principal Amount: 1,765,000.00		Interest Rate: 1.000%		Date of Note: 4/23/2020	

SBA PAYCHECK PROTECTION PROGRAM. This Note evidences a loan made pursuant to sections 1102 and 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Section 1102 of the CARES Act temporarily adds a new product, titled the "Paycheck Protection Program", to the U.S. Small Business Administration's (SBA's) 7(a) Loan Program. Section 1106 of the CARES Act provides that up to the full principal amount plus interest accrued on loans guaranteed under the Paycheck Protection Program may qualify for forgiveness if the borrower uses the loan proceeds for forgivable purposes. Borrower covenants and agrees that it will promptly provide to Lender all documents, attestations and information required pursuant to section 1102 and 1106 of the CARES Act and applicable SBA rules. The interpretation, enforcement and forgiveness of the indebtedness evidenced by this Note shall be subject to the CARES Act and applicable SBA rules in all respects.

PROMISE TO PAY. NAVIGATOR SCHOOLS ("Borrower") promises to pay to Mechanics Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of 1,765,000.00, together with interest on the unpaid principal balance from 4/23/2020, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 1.000%, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section. Nothing contained in this Note, expressed or implied, nor in any instrument securing this Note or related hereto, shall be construed as any guarantee or other assurance that the loan evidenced by this Note will qualify for forgiveness in the future. In the event that the loan evidenced by this Note fails to qualify for forgiveness, Borrower shall continue to make monthly payments of principal and interest until all principal and interest due under this Note is paid in full.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Borrower authorizes disbursement of the full Principal Amount of this Note to deposit account # 9688490077.

PAYMENT. Borrower will pay this loan in 18 payments of \$99,329.18 each payment. Borrower's first payment is due 11/23/2020, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on 4/23/2022, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collections costs and late charges. All payments must be made by a check, electronic funds transfer, money order, or other instrument in U.S. dollars and must be received by us at the remittance address shown on your periodic billing statement. Payments received at that address prior to 5:00 PM Pacific Time on any business day will be credited to your loan as of the date received. If we receive payments at other locations, such payments will be credited promptly to your loan but could be delayed for up to one (1) business day after receipt. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the interest rate over the number of days in a year (365 for all years, including leap years), multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Mechanics Bank, P. O. Box 606, Santa Maria, California 93456-6010

INTEREST AFTER DEFAULT. Upon default, the total sum due under this Note will continue to accrue interest at the interest rate under this Note.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if

there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Cure Provisions. If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. Borrower also will pay any court costs, in addition to all other sums provided by law.

GOVERNING LAW. When Lender is the holder, this Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of California. When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA, or preempt federal law.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Contra Costa County, State of California.

COLLATERAL. This loan is unsecured.

JURY WAIVER AND JUDICIAL REFERENCE. Lender and Borrower each waive their respective rights to a trial before a jury in connection with any action, proceeding, or counterclaim brought by either Lender or Borrower against the other. This includes any claim by either party, claims brought by Borrower as a class representative on behalf of others, and claims by a class representative on Borrower's behalf as a class member (so-called "class action" suits). This provision shall not apply if, at the time an action is brought, the Loan is maintained in a state where jury trial waivers are not permitted by law.

If a jury trial waiver is not permitted by law, the parties agree that all decisions of fact and law in any action brought in connection with any action, proceeding or counterclaim brought by either Lender or Borrower against the other shall be decided, at the option of either party, by a referee appointed by the court in accordance with applicable state reference procedures. The referee shall be a retired judge, agreed upon by the parties, from either the American Arbitration Association ("AAA") or Judicial Arbitration and Mediation Service, Inc. ("JAMS"). If the parties cannot agree on the referee, the party who initially selected the reference procedure shall request a panel of ten retired judges from either AAA or JAMS, and the court shall select the referee from that panel. The costs of the reference procedure, including the fee for the court reporter, shall be borne equally by the parties as the costs are incurred. If a party fails to pay its portion of the costs as incurred, then that party shall forfeit the right to prosecute or defend the action. The referee shall hear all pre-trial and post-trial matters, including requests for equitable relief; prepare an award with written findings of fact and conclusions of law; and apportion costs as appropriate. Judgment upon the award shall be entered in the court in which such proceeding was commenced and all parties shall have full rights of appeal. This provision will not be deemed to limit or constrain Lender's right to set off, to obtain provisional or ancillary remedies, to interplead funds in the event of a dispute, to exercise any security interest or lien Lender may hold in property, or to comply with legal process involving Borrower's accounts or other property.

EXECUTION IN COUNTERPART. This document may be executed and delivered in two or more counterparts, each of which, when so executed and delivered, shall be an original, and such counterparts together shall constitute but one and the same instrument and agreement and shall not be binding on any Party until all Parties have executed it.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE. Each of the individuals signing below does hereby represent, warrant and certify to Lender, personally and on behalf of Borrower, that each of the undersigned is signing as an “Authorized Representative of Applicant,” which is a representation to Lender and to the U.S. Government that the signer is authorized to make the certifications, including with respect to the Borrower-Applicant and each owner of 20% or more of the Borrower-Applicant’s equity, contained in the Borrower Application Form.

BORROWER: NAVIGATOR SCHOOLS

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