



**RESOLUTION OF THE BOARD OF DIRECTORS OF
COMPASS CHARTER SCHOOLS**

Board Resolution 2018-06

Approving Agreement and Plan of Merger with REALM Charter Schools,
Including Financial Assistance

The Board of Directors ("Board") of Compass Charter Schools ("Compass") does hereby adopt the following resolution:

WHEREAS, Compass is a California nonprofit public benefit corporation that has been determined to be exempt from taxation under Section 501(c)(3) of the Internal Revenue Code, whose charitable purposes include to create, manage, operate, guide, direct and promote one or more public charter schools and currently operates three public charter schools;

WHEREAS, REALM Charter Schools ("REALM") is a California nonprofit public benefit corporation that has been determined to be exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code, whose charitable purposes include to manage, operate, guide, direct and promote one or more California public charter schools and currently operates a public charter school known as REALM Charter School ("School") authorized by Berkeley Unified School District ("District");

WHEREAS, Compass and REALM have entered into an affiliation agreement dated December 10, 2018 ("Affiliation Agreement") for the primary and specific purposes of supporting, benefitting and furthering the charitable and educational purposes of both parties;

WHEREAS, Compass and Realm have no members, as such term is defined in Section 5056 of the California Corporations Code;

WHEREAS, Compass and Reals share similar public and charitable purposes and activities;

WHEREAS, the Board of Compass believes it is in the best interests of Compass to combine Compass with REALM through statutory merger of REALM into Compass because it will create a stronger, more effective and efficient organization and expand independent study opportunities;

WHEREAS, in connection therewith, there has been presented to this Board a form of Agreement and Plan of Merger ("Merger Agreement") attached hereto as Exhibit A and incorporated by reference, which this Board has reviewed;

WHEREAS, pursuant to the California Corporations Code upon the effective date in the Merger Agreement, the separate corporate existence of REALM shall cease and Compass shall continue as the surviving corporation;

WHEREAS, this Board now desires to approve and authorize the Merger Agreement;

WHEREAS, REALM is in need of financing to continue its School operations;

WHEREAS, in consideration and furtherance of the Merger Agreement, Compass desires and has adequate surplus, unrestricted funds to provide REALM with a one-year loan in the aggregate principal amount of Two Hundred Fifty Thousand Dollars (\$250,000), and which shall bear interest at a rate equal to Three and a Half Percent (3.5%) per annum, or the maximum rate allowable by law, whichever is lower, to use towards operation of the School ("Loan");

WHEREAS, the Loan serves and furthers Compass's charitable purposes to create, manage, operate, guide, direct and promote one or more public charter schools;

WHEREAS, in order to document Compass' and REALM's respective rights and obligations with regard to the Loan, the Board of Directors of Compass, as lender, has reviewed and desires to enter into the Loan Agreement and unsecured Promissory Note (collectively, the "Loan Documents") attached hereto as Exhibit B and incorporated by reference; and

WHEREAS, this Board of Directors hereby finds that the Loan as set forth in the Loan Documents will not adversely impact Compass' continued and successful operations and is just and reasonable as to Compass in furtherance of Compass's charitable purposes at the time it is reviewed and authorized pursuant to this resolution.

NOW, THEREFORE, this Board does hereby find, resolve and order as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. The Merger Agreement and the Loan are hereby approved and this Board of Directors has reviewed and approved the Merger Agreement and Loan Documents; and

Section 3. The Superintendent & Chief Executive Officer ("CEO) and Secretary of Compass, or the duly delegated representatives of any of the foregoing (each an "Authorized Officer"), acting alone or together, are hereby authorized and directed to execute and deliver the Merger Agreement and Loan Documents, certify the foregoing resolutions and take or cause to be taken all such other actions as may be required to fulfill the purposes of the foregoing resolutions, including but not limited to executing all documents, certificates and instruments necessary in connection with the Merger Agreement and/or Loan Agreement, or other documents or certificates as necessary in connection with the transactions contemplated hereby. All such actions and doings of said persons which are in conformity with the purposes and intent of this resolution are hereby in all respects ratified, approved and confirmed. This Board of Directors hereby delegates to the Authorized Officers, each acting alone or collectively on behalf of Compass, the authority to make the final determinations regarding or in connection with the

Merger Agreement and/or Loan Agreement on behalf of Compass subject to the parameters set forth above.

Section 4. If any section, paragraph, clause or provision of this resolution shall for any reason be held invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining sections, paragraphs, clauses or provisions of this resolution.

Section 5. This resolution shall be in full force and effect immediately upon its adoption.

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IN WITNESS WHEREOF, the Board of Directors of Compass has adopted the above resolution at a special Board meeting this 28th day of January, 2019.

By: _____
J.J. Lewis, Superintendent & CEO