[Draft – 08-06-2024]

**2730 MITCHELL DRIVE, LLC**

**Taxable Revenue Note, Series 2024-A**

**(Working Capital)**

No. N-1

Dated date of this Note: August [\_\_\_\_], 2024

Interest Rate: 5.00%

Maturity Date: December 15, 2025

**2730 MITCHELL DRIVE, LLC**, a California limited liability company (the “Borrower”, which term includes any successor corporation to the Borrower), for value received, hereby promises to pay to the order of

**[ROSEMAWR ENTITY]**

or registered assigns (the “Lender”),

**THREE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS**

in full on the Maturity Date set forth above and to pay interest thereon from the dated date of this Note, or the most recent date to which interest has been paid or duly provided for, until the principal hereof shall become due and payable. This Note shall bear interest at the interest rate set forth above, provided that, during the occurrence and continuance of an Event of Default hereunder, as hereinafter defined, this Note shall bear interest at the Default Rate, as hereinafter defined. Interest shall be computed on the basis of a 360-day year consisting of twelve consecutive 30-day months. Interest on this Note shall be payable on the Maturity Date of this Note.

Advances of principal under this Note shall be made by UMB Bank, N.A., in its capacity as trustee (the “Trustee”, which term includes any successor trustee under the Indenture hereinafter described) under that certain Indenture of Trust dated as of September 1, 2020 (the “Indenture”) between California School Finance Authority, a public instrumentality of the State of California (the “Authority”), and the Trustee, when approved in writing by the Lender, as further described under the heading “Series 2024-A Advances” in this Note. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture.

Pursuant to the Indenture, the Authority issued its Series 2018 Bonds and loaned the proceeds thereof to the Borrower pursuant to that certain Loan Agreement dated as of September 1, 2020 (the “Loan Agreement”) between the Authority and the Borrower. The Borrower used the proceeds of the loan from the Authority to finance improvements to certain charter school facilities, as further described in the Loan Agreement (the “Series 2020 Facilities”). The Borrower simultaneously leased the Series 2020 Facilities to the Charthouse Public Schools, a California nonprofit public benefit corporation (the “Company” or the “Guarantor”), pursuant to that certain Lease Agreement dated as of September 1, 2020 (the “Lease”) between the Borrower, as lessor, and the Company, as lessee. Under the Indenture, the Authority assigned all of its rights in and to the Loan Agreement and the Lease to the Trustee for the benefit of the Holders of the Series 2020 Bonds, except the Authority’s Unassigned Rights. Additionally, in the Indenture and Loan Agreement, the Borrower assigned all of its rights in and to the Loan Agreement and the Lease Agreement to the Trustee for the benefit of the Holders of the Series 2020 Bonds, except the Borrower’s Unassigned Rights

The Trustee (acting at the direction of the Bondholder Representative), the Borrower, the Company and the Lender have entered into that certain Intercreditor Agreement dated as of August 1, 2024 (the “Intercreditor Agreement”) providing for the application of payments under this Note and approving the application of the Trust Estate secured by the Indenture on a parity with the Borrower’s obligations to the Trustee under the Loan Agreement and the Indenture, including specifically parity rights to any proceeds of the sale of the Mortgaged Property pursuant to the Mortgage and a parity right to any proceeds collected pursuant to the Guaranty (as hereinafter defined). The Borrower’s obligations under this Note are also payable on parity with the Borrower’s obligations to make payments under the Lease.

In addition, in consideration of the Borrower making available certain proceeds of this Note to the Company, the Borrower has caused the Company to execute and deliver a Guaranty Agreement dated as of August 1, 2024 (the “Guaranty”) to the Trustee whereby the Company guarantees, in full, the Borrower’s obligations under this Note. The proceeds of any payments under the Guaranty will be disbursed pursuant to the Intercreditor Agreement.

Defined Terms Used Herein:

“Business Day” means any day other than a Saturday or Sunday or a day on which the

Federal Reserve System is closed or the Trustee is required or authorized to close.

“Default Rate” means eight percent (8.00%).

“Guaranty” means that certain Guaranty Agreement dated as of August 1, 2024 from the Guarantor to the Trustee guaranteeing the Borrower’s obligations under this Note.

“Noteholder Representative” means Rosemawr Management, LLC, New York, New York.

“Series 2024-A Advance” means one or more requests for disbursement of the principal amount of this Note, which shall not exceed, in the aggregate, Three Hundred Fifty Thousand Dollars ($350,000.00).

The Series 2024-A Note

This Note is a duly authorized obligation of the Borrower designated “Taxable Revenue Bonds, Series 2024-A (Working Capital)” and issued under and pursuant to a [resolution of the Board of Directors] of the Borrower (the “Note Resolution”) duly adopted by its board of directors of the Borrower at a meeting held on [\_\_\_\_\_\_\_\_\_\_\_], 2024, in which the Borrower duly authorized the issuance, execution and delivery of this Note and the Intercreditor Agreement.

This Note is being issued to provide financing for the benefit of Borrower to fund the obligations set forth in ***Exhibit A***hereto. The Borrower agrees to only request Series 2024-A Advances for the purposes set forth in ***Exhibit A***.

This Note shall be subject to optional redemption by the Borrower, at the written direction of the Borrower, in whole or in part, on any Business Day, at the redemption price equal to 100% of the principal amount thereof, plus accrued interest, if any, to the date fixed for redemption, provided that the Borrower provides fourteen calendar days’ notice thereof to the Lender.

Any amount not timely paid on the Maturity Date shall accrue interest from the Maturity Date at the Default Rate (as hereinafter defined).

Payment of debt service on this Note shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This Note is an obligation of the Borrower payable out of the receipts, revenues and rights of the Borrower pledged by the Borrower in the Loan Agreement to the same extent, and with the same security, as payments by the Borrower under the Loan Agreement.

Series 2024-A Advances

So long as no Event of Default exists under this Note, the Borrower is hereby authorized to request Series 2024-A Advances for the purposes set forth in ***Exhibit A*** hereto. The Borrower shall request each advance using a Series 2024-A Request in substantially the form provided in ***Exhibit B*** hereto. The Trustee shall complete an entry on ***Schedule A*** to this Note, countersigned by the manual signature of the Trustee, upon written approval of a Series 2024-A Request by the Lender, and shall notify the Borrower of the amount of each Series 2024-A Advance that is approved by the Lender. The Lender shall be under no obligation to approve any Series 2024-A Advance, and the Trustee shall be under no obligation to make a Series 2024-A Advance without the written approval of the Lender. The Lender shall have the right to terminate the Borrower’s right to further Series 2024-A Advances at any time by written notice to the Trustee and the Borrower. The Lender shall give notice written of such termination to the Borrower by overnight delivery service at the address set forth in ***Exhibit C*** with an email copy to the Trustee.

The Noteholder Representative

Notwithstanding any provision hereof to the contrary, the Borrower agrees that the Noteholder Representative shall for all purposes herein be authorized to act on behalf of the Lender in the administration of this Note and all of the terms, requirements and covenants herein contained. In the case of any provision of this Note providing for the consent or approval of the Lender, the Borrower hereby acknowledges and agrees that the granting, approval, rejection or withholding of any requested consent, waiver or authorization to take or refrain from taking any action contemplated or required hereunder may be withheld or granted in the Noteholder Representative’s sole and absolute discretion on behalf of the Lender.

Events of Default

Any of the following shall constitute an Event of Default under this Note:

(a) Failure by the Borrower to pay the principal and interest required to be paid under this Note when due;

(b) Failure to observe or perform any other covenant, agreement, contract or other requirement under this Note (except as provided in ***paragraph (a)*** above relating to payments) or the Intercreditor Agreement and such default shall continue for a period of ten (10) Business Days after written notice specifying such failure and requesting that it be remedied shall have been given to the Borrower by the Lender or the Noteholder Representative;

(c) The dissolution or liquidation of the Borrower, or failure by the Borrower to promptly contest and have lifted any execution, garnishment, or attachment of such consequence as will impair its ability to meet its obligations with respect to the operation of the School or to make any payments under this Loan Agreement. The phrase "dissolution or liquidation of the Borrower," as used in this subsection, shall not be construed to include the cessation of the corporate existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another domestic corporation or a dissolution or liquidation of the Borrower following a transfer of all or substantially all of its assets under the conditions permitting such actions contained in Section 8.03 of the Loan Agreement;

(d) The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Borrower in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Borrower or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days;

(e) The commencement by the Borrower of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by it to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Borrower or for any substantial part of its property, or the making by it of any assignment for the benefit of creditors, or the failure of the Borrower generally to pay its debts as such debts become due, or the taking of corporate action by the Borrower in furtherance of any of the foregoing;

(f) The occurrence of an Event of Default under the Indenture, the Loan Agreement, the Lease, the Deed of Trust or the Guaranty;

(g) Any representation or warranty made by the Borrower herein or made by the Borrower in any statement or certificate furnished by the Borrower either required hereby or in connection with the execution and delivery of this Note or a request for a Series 2024-A Advance shall prove to have been untrue in any material respect as of the date of the issuance or making thereof;

(h) Judgment for the payment of money in excess of $50,000.00 (which is not covered by insurance) is rendered by any court or other governmental body against the Borrower, and the Borrower does not discharge same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof within 60 days from the date of entry thereof, and within said 60-day period or such longer period during which execution of such judgment shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal while providing such reserves therefor as may be required under Generally Accepted Accounting Principles;

(i) A writ or warrant of attachment or any similar process shall be issued by any court against the Facilities, and such writ or warrant of attachment or any similar process is not released or bonded within 60 days after its entry;

(j) The termination of the Charter School Petition either by its terms or for any other reason after exhaustion of any administrative and/or judicial appeals;

(k) The termination of the Borrower’s certificate of occupancy for the Facility; or

(l) The occurrence of an Event of Default under any document relating to other indebtedness of the Borrower (not including this Note) with a principal amount of in excess of $35,000.00.

If an Event of Default shall occur, the entire principal of this Note may be declared immediately due and payable by the Lender by written notice to the Borrower at the address set forth in ***Section 12.01*** of the Lease, with a copy to the Trustee. The holder of this Note shall have no right to institute any action to collect amounts due hereunder, or to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Intercreditor Agreement.

This Note is transferable using the form of assignment attached hereto.

No covenant or agreement contained in this Note shall be deemed to be a personal covenant or agreement of any officer, agent or employee of the Borrower, and neither any member of the governing body of the Borrower nor any officer executing this Note shall be liable personally on this Note or be subject to any personal liability or accountability by reason of the issuance of this Note.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution, delivery and issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law.

The Borrower hereby certifies, represents and warrants to the holder hereof that this Note is the legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity.

THE BORROWER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY. THE BORROWER CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF THE LENDER, NOTEHOLDER REPRESENTATIVE OR TRUSTEE HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) IT HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, AND (C) IT MAKES THIS WAIVER KNOWINGLY AND VOLUNTARILY.

In the event any provision of this Note shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof; the provisions of this Note being severable.

This Note shall be governed by the laws of the State of California.

*[Balance of page intentionally left blank.]*

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed under its corporate seal effective the date first written above.

**2730 MITCHELL DRIVE, LLC**, a California nonprofit public benefit corporation

By:

Chairperson of the Board of Directors

[S E A L]

Attest:

Secretary

**Assignment**

For value received, hereby sell(s), assign(s) and transfer(s) this Note to [Please insert name and taxpayer identification number] and hereby irrevocably constitute(s) and appoint(s) as attorney to transfer this Note on the books of the within named Trustee, with full power of substitution in the premises.

Dated:

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within note in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

(Bank or Trust Company)

By

(Authorized Officer)

\*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of the recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

**SCHEDULE A**

to

Taxable Revenue Note, Series 2024-A

(Working Capital)

**Schedule of Advances**

The Trustee hereby certifies that the following constitutes a true and correct schedule of Series 2024-A Advances evidenced by this Note

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| --- | --- | --- | --- |
| **Advance Number** | **Date of Advance** | **Amount of Advance** | **Manual Signature of Authorized Officer of the Trustee** |
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| **Advance Number** | **Date of Advance** | **Amount of Advance** | **Manual Signature of Authorized Officer of the Trustee** |
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**EXHIBIT A**

**Uses of Note Proceeds**

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| --- | --- |
| **Use** | **Amount** |
|  |  |
| Pay Trustee fees and expenses | $ 4,780.18 |
| Costs of Issuance of the note | $ 5,219.82 |
| Pay to the Company to be used to engage Mariposa Consulting Group as required by the Guaranty | $ 40,000.00 |
| Interest expenses of the Borrower | $ 300,000.00 |

**EXHIBIT B**

**Form of Request for Series 2024-A Advance**

To: UMB Bank, N.A. and Rosemawr Management, LLC

Re: Up to $350,000 Taxable Revenue Note, Series 2024-A (Working Capital), issued by 2730 Mitchell Drive, LLC (the “Note”)

Capitalized terms not otherwise defined herein shall have the meanings assigned in the Note.

**Request for Payment by the Borrower**

The Borrower hereby requests payment of a Series 2024-A Advance in the amount of:

$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

To:

Name of payee: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address of payee: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Such payment will be made for the following purpose(s):

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(Describe purpose in reasonable detail.)

Invoices supporting such payments are attached hereto (except for invoices for working capital, in which case the Borrower shall provide such reasonable detail as the Trustee or Lender shall determine).

*[Balance of page intentionally left blank.]*

The Borrower hereby certifies that: (a) such payment is for a purpose authorized in the Note, and (b) no Event of Default exists under the Note.

Dated:

**2730 MITCHELL DRIVE, LLC**

By:

Authorized Borrower Representative

Approved by:

**[ROSEMAWR]**

By:

Authorized Representative

**EXHIBIT C**

**Notices**

If to the Borrower:

2730 Mitchell Drive, LLC

2730 Mitchell Drive

Walnut Creek, California 94598

If to the Lender:

[\_\_\_\_\_\_\_\_\_\_]

c/o Rosemawr Management, LLC

1674 Meridian Avenue

Suite 420

Miami Beach, FL 33139

Attn: Seth Klempner

If to the Noteholder Representative:

Rosemawr Management, LLC

1674 Meridian Avenue

Suite 420

Miami Beach, FL 33139

Attn: Seth Klempner

If to the Trustee:

UMB Bank, N.A.

120 South Sixth Street

Suite 1400

Minneapolis, Minnesota 55402

Attn: Claire Alber

Assistant Vice President

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