CALIFORNIA SCHOOL FINANCE AUTHORITY CHARTER SCHOOL REVOLVING LOAN FUND PROGRAM LOAN AGREEMENT NUMBER 14-2014

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East Bay Innovation Academy
CDS CODE: TBD
CHARTER NUMBER 1620
3400 Malcolm Ave, Oakland CA 94605

THIS LOAN AGREEMENT IS MADE the eleventh day of June, 2014, between East Bay Innovation Academy (Loan Recipient) and the California School Finance Authority (Authority).

RECITALS
A. The Loan Recipient has applied to the Authority for a reservation of funds under the Charter School Revolving Loan Fund Program (Program) and the Loan Recipient's application, which is attached hereto as Exhibit A, has been determined by the Authority to meet Program eligibility requirements,

B. The Loan Recipient has applied for and been approved by the Authority pursuant to Authority Resolution [14-2014] for the issuance of a loan to support the operations of the Charter School consistent with the terms of the Charter School's charter.

C. The Authority proposes to reserve $250,000 from the Charter School Revolving Loan Fund for the purposes described herein.

D. The term of this Loan Agreement shall be from the date of this Agreement, herein above, through the term of the loan, unless at the Authority's discretion the time period is amended in writing. In no circumstance may the term of this Loan Agreement exceed the period of five years.

E. This award to the Loan Recipient is contingent upon the availability of funds under the Program.

F. The purpose of this Loan Agreement is to set forth the terms and conditions upon which the Authority will provide the funds to the Loan Recipient. NOW, THEREFORE, the Authority and the Loan Recipient agree as follows:

ARTICLE I – DEFINITIONS

Section 1.1– ELIGIBLE USE means the use of Program funds for the purposes of supporting the operations or financing of the Charter School consistent with the Charter School's charter.
Section 1.2 – EXECUTIVE DIRECTOR means the Executive Director authorized to act on behalf of the Authority.

Section 1.3 – PROGRAM means the Charter School Revolving Loan Fund Program.

Section 1.4 – PROGRAM DOCUMENTS means this Agreement, Program Regulations, Awardee's Application, Authority Resolution 14-2014, and Commitment Letter, including any and all exhibits or attachments to such documents.

Section 1.5 – LOAN TERM means the period commencing from the date of this Agreement, hereinabove, through the term of the loan period unless at the Authority's discretion the time period is amended in writing.

Section 1.6–LOAN RECIPIENT means East Bay Innovation Academy CDS CODE: TBD, CHARTER NUMBER 1620, 3400 Malcolm Ave, Oakland CA 94605

Section 1.7 – REGULATIONS OR PROGRAM REGULATIONS means the California Code of Regulations, Title 4, Division 15, Article 1.6 (commencing with section 10170.24), as may be amended from time to time.

Section 1.8 – AUTHORITY means the California School Finance Authority.

Section 1.9 – APPLICANT OR CHARTER SCHOOL means Chartering Authority or Charter School.

Section 1.10 – FUND means the Charter School Revolving Loan Fund established pursuant to Education Code section 41365(a).

ARTICLE II – DELEGATION OF AUTHORITY
Section 2.1–Pursuant to Authority Resolution 14-2014, the Executive Director is authorized to take actions for, and on behalf, and in the name of the Authority, including, but not limited to:

(a) Taking all steps necessary with respect to the Loan Recipient including notifying the Loan Recipient whether its Application has been approved for funding, preparing a Commitment Letter for the Loan Recipient, preparing and executing the final form of Loan Agreement and disbursing Program funds pursuant to the Loan Agreement and the Authority's Regulations;

(b) Drawing money from the Fund, not to exceed the amount approved by the Authority for the Awardee.

(c) Executing and delivering to the Loan Recipient any and all documents necessary to complete the transfer of Program funds; and

(d) Undertaking any and all actions and to execute and deliver any and all documents that the Executive Director deems necessary or advisable in order to effectuate the purposes of the Authority Resolution 7 approved by the Authority.

ARTICLE III – REPRESENTATIONS AND WARRANTIES

The Loan Recipient makes the following representations and warranties to the Authority:

Section 3.1 – LEGAL STATUS. The Loan Recipient represents and warrants that for the Charter School for which funds have been awarded:

(a) The charter school is established pursuant to Education Code section 47600 et seq.
(b) An approved charter has been awarded and is in place and current at the time this Loan Agreement is executed and throughout the Loan Term.
(c) The charter school is in good standing with its chartering authority and is in compliance with the terms of its charter at the time this Loan Agreement is executed and throughout the Loan Term. The Authority will rely on information from the chartering authority regarding the charter school's good standing and compliance with the terms of its charter.
(d) The charter school has a County-District-School (CDS) Code and charter number issued by the California Department of Education.

ARTICLE IV – CONDITIONS PRECEDENT TO DISBURSEMENT OF PROGRAM FUNDS

The obligation of the Authority to make any disbursements under this Agreement is subject to all of the following conditions:

Section 4.1 – EVENT OF DEFAULT. There shall not exist an Event of Default, as defined in this Agreement, and there shall exist no event, omission or failure of condition, which, after notice of lapse of time, would constitute an Event of Default, as defined in this Agreement.

Section 4.2 – DOCUMENTATION. The Loan Recipient shall deliver to the Authority in form and substance satisfactory to the Authority this Agreement and any other documents required by the Authority.

Section 4.3 – CERTIFIED RESOLUTION. This Agreement and any amendments hereto shall be accompanied by a certified resolution from the Loan Recipient's governing body authorizing its execution (See Exhibit B hereof).

Section 4.4 – FUNDING CONDITIONS. The Loan Recipient has met all terms and conditions of funding in accordance with the Regulations and the Authority's Resolution Number 7.

Section 4.5 – FINANCING APPROVAL. The Loan Recipient has received approval from the Authority for the issuance of Program funds; provided that such approval includes the requirement for repayment through an intercept of funds pursuant to Education Code section 17199.4.

Section 4.6 – TERMS OF COMMITMENT. In the event the Loan Recipient has not fulfilled all terms and conditions precedent as set forth in this Article IV, the Authority's obligation under this Agreement shall automatically terminate, unless at the Authority's discretion, compliance by the Loan Recipient has been waived by the Authority in writing.

ARTICLE V – PROGRAM DISBURSEMENT PROCEDURES

Section 5.1 – DISBURSEMENT PROCEDURES. Disbursement of the Program funds shall occur once the Authority makes the loan award determination; provided however that no program funds shall be disbursed until this Agreement is executed by all parties.

Section 5.2 – DISBURSEMENT PROCESS. Program funds shall be disbursed directly to the Loan Recipient.

Section 5.3 – AMOUNT OF DISBURSEMENT

Program funds shall be disbursed up to the amount authorized pursuant to this Loan Agreement.

ARTICLE VI – REPAYMENT PROVISIONS

Section 6.1 – LOAN REPAYMENT. Loan repayment shall begin the fiscal year after the Loan Recipient receives Program funds. Loan Recipient shall be obligated to repay the Program in 5 years, with each annual payment

representing the initial principal amount of the loan, plus interest based on the rate described in section 6.2. For purposes of determining the year in which the Loan Recipient begins repayment, the Authority shall consider receipt of Program funds to occur on the date that the Accounting Division of the State Treasurer's Office notifies the State Controller's Office to issue a warrant payable to the Loan Recipient. The repayment schedule is attached as EXHIBIT [B].

If a Charter School fails to open within the next fiscal year after receiving their loan disbursement, the Charter School will be invoiced for the full loan amount, which must be repaid within 60 days, unless granted an extension.

Section 6.2 – INTEREST RATE. Interest on the loan shall be based on an interest rate equal to the rate earned by money in the Pooled Money Investment Account as of the date of disbursement of the funds to the charter school, per section 6.1.

Section 6.3 – OFFSETTING OF LOAN PAYMENTS. Loan payments shall be made by offsetting the Charter School's state revenue. Payment amounts reflected in the loan repayment schedule, or partial payments depending on the availability of revenue, shall be offset until the loan is paid in full. If the annual payment obligation is not made through the offset process by February of the applicable fiscal year, the Authority may invoice the Loan Recipient directly for payment of any outstanding amounts or continue with additional offsets until the annual payment obligation is satisfied.

Section 6.4 – ACCOUNTS RECEIVABLE. The Authority shall set up accounts receivable for any Charter School that is past due on loan repayment or that has defaulted on repayment of a Loan.

Section 6.5 – COLLECTION OF LOAN PAYMENTS. If loan payments are not made using the offset process, the Authority may invoice the Charter School.

In the event the Charter School is unable to repay the loan and the Charter School is operated by an educational management organization or chartering authority, the Authority shall require the educational management organization or chartering authority to make annual payments or repay the total outstanding loan amount.

ARTICLE VII – AFFIRMATIVE COVENANTS

Section 7.1 – LEGAL COMPLIANCE. The Loan Recipient shall:
(a) Comply with the Authority's Regulations, as such may be amended from time to time, throughout the Program Period.

(b) Ensure that the expenditure of all loan funds is consistent with the intent of the Program and solely for the purpose of supporting the operations and financing of the Charter School. Continued and uninterrupted compliance with all Program requirements is the Loan Recipient's responsibility.

Section 7.2 – ACCOUNTING RECORDS. The Loan Recipient shall maintain an accounting system that accurately reflects fiscal transactions, with necessary controls and safeguards. This system shall provide an audit trail, including original source documents such as teacher salaries, lease agreements, contracts, receipts, progress payments, invoices, etc. These records shall be retained for the full period of the loan. Such books and accounts shall be available for audit and/or review upon request by the Authority and the Bureau of State Audits.

Section 7.3 – LITIGATION. The Loan Recipient shall promptly notify the Authority in writing of any administrative action or litigation, pending or threatened, by or against the Loan Recipient or otherwise related to the Awardee. For purposes of this item, the term "Loan Recipient" shall include the charter school, the parent company of the charter school, and any subsidiary of the charter school if the subsidiary is involved in or will be benefited by the Program. In addition to each of these entities themselves, the term "Loan Recipient" shall also include the direct and indirect holders of more than ten percent (10%) of the ownership interests in the entity, as well as the officers, directors, principals and senior executives of the entity if the entity is a corporation, the general and limited partners of the entity if the entity is a partnership, and the members or managers of the entity if the entity is a limited liability company.

Section 7.4 – NOTICE TO AUTHORITY. The Loan Recipient shall:

(a) Notify the Authority if a charter school's charter is not renewed or is revoked at any time during the Loan Term, within thirty (30) days of receipt of notification of such action, including providing the Authority with a copy of the document provided by the chartering entity notifying the charter school of such action.
(b) Notify the Authority, within thirty (30) days, of any material changes to the facilities, enrollment, charter status, nonprofit status, or financial condition.
(c) Notify the Authority, within thirty (30) days, of a Loan Recipient's determination that all or a portion of loan funds are no longer needed for their intended use, as identified in the Application, and providing remittance to the Authority of all such funds that have already been disbursed.

Section 7.6 – RELEASE. The Loan Recipient hereby waives all claims and recourse against the Authority including but not limited to the right to contribution for loss or damage to persons or property arising from, growing out of, or in any

way connected with or incident to this Agreement, the Loan Recipient's use of the Program proceeds or the Loan Recipient's business operations. The provisions of this section shall survive the termination of this Agreement.

Section 7.7 – INDEMNIFICATION. The Loan Recipient shall defend, indemnify, and hold harmless the Authority, and the State, and all officers, trustees, agents and employees of the same, from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Program or the Authority. The provisions of this section shall survive termination of this Agreement.

Section 7.8 – AUDITS.
The Loan Recipient shall comply with any audit provisions as may be required by the Authority, State Controller, or the Bureau of State Audits.

ARTICLE VIII– DEFAULT AND REMEDIES

Section 8.1 – EVENTS OF DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

(a) Any representation or warranty made by the Loan Recipient or anyone acting on its behalf, hereunder or under any of the Program Documents, is incorrect in any material respect.
(b) The Loan Recipient's failure to perform or abide by any term or condition of this Agreement (including all requirements and covenants in Articles III through VII herein) or other Program Documents or comply with any other agreements between the Awardee and the Authority relating to the Program.
(c) Any substantial or continuous breach by the Loan Recipient of any material obligations of the Loan Recipient imposed by any agreements other than the Program Documents with respect to the Program.
(d) The Loan Recipient's failure to generate sufficient revenue available for intercept to meet its repayment obligations in accordance with their loan repayment schedule.

Section 8.2 – NOTICE OF LOAN RECIPIENT'S DEFAULT AND OPPORTUNITY TO CURE. The Authority shall give written notice to the Loan Recipient of any Event of Default by specifying:
(a) the nature of the event or deficiency giving rise to the Event of Default;
(b) the action required to cure the Event of Default, if an action to cure is possible; and
(c) a date, which shall not be less than thirty (30) calendar days from the mailing of the notice, by which such action to cure must be taken, if an action to cure is possible, provided, however, except with respect to a monetary Event of Default,

so long as the Loan Recipient has commenced to cure within such time, then the Loan Recipient shall have a reasonable period, as determined by the Authority, thereafter within which to fully cure the Event of Default.

Section 8.3 – REMEDIES. In an Event of Default, the Authority may pursue any remedy available to it in law or in equity, including, but not limited to, forfeiture and return of all Program funds and any accrued interests.

ARTICLE IX– MISCELLANEOUS

Section 9.1 – AMENDMENTS. This Agreement may be amended, changed or modified in writing signed by the Awardee and the Authority.

Section 9.2 – ASSIGNMENT. This Agreement may not be assigned or transferred in any way by the Loan Recipient without the written consent of the Authority, such consent to be granted only if the assignee or transferee is a charter school meeting all of the requirements of this Agreement and the Program Regulations, and which has agreed in writing to accept the terms of this Program Agreement.

Section 9.3 – ENTIRE AGREEMENT. This Agreement, together with all agreements and documents incorporated by reference herein, constitutes the entire Agreement of the parties and is not subject to modification, amendment, qualification or limitation except as expressly provided herein.

Section 9.4 – NOTICES. Unless otherwise expressly specified or permitted by the terms hereof, all notices, consents or other communications required or permitted hereunder shall be deemed sufficiently given or served if given in writing, mailed by first-class mail, postage prepaid and addressed as follows:

(i) If to the Awardee:
Attn: Emily Loecher, Director of Operations, East Bay Innovation Academy

(ii) If to the Authority:
Attn: Katrina Johantgen, Executive Director
California School Finance Authority
304 S. Broadway, Suite 550
Los Angeles, CA 90013

Section 9.5 – COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

Section 9.6 – GOVERNING LAW, VENUE. This Agreement shall be construed in accordance with and governed by the Constitution and laws of the State of California applicable to contracts made and performed in the State of California.

This Agreement shall be enforceable in the State of California and any action arising hereunder shall (unless waived in writing by the Authority) be filed and maintained in Sacramento, Sacramento County, California.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in day and year first hereinabove written.

EAST BAY INNOVATION ACADEMY:
By: Laurie Jacobson Jones
Date: June 11, 2014

_____
Signature

Co-Founder, Board Chair

and
CALIFORNIA SCHOOL FINANCE AUTHORITY:

By: _____

Date: _____
Katrina Johantgen, Executive Director

EXHIBIT A
APPLICATION

California School Finance Authority

2013-14 Charter School Revolving Loan Fund Program Application

(Pursuant to California Education Code Sections 41365-41367 and California Code of Regulations, Title 4, Sections 10170.16-10170.24)

Please Select One:
☑ **Option A:** Application is submitted by charter school that is incorporated
☐ **Option B:** Application is submitted by a Chartering Authority on Behalf of a Charter School

Loan Request Information			
Loan Amount Requested *(maximum $250,000 per Charter School)*	$250,000	Loan Repayment Period Requested *(1 to 5 years)*	5 years

Applicant Information (Charter School or Chartering Authority)	
Applicant Name	East Bay Innovation Academy
Contact Name and Title	Laurie Jacobson Jones, Co-Founder and Board Chairman
Contact Mailing Address, City, State and Zip Code	774 Calmar, Oakland, CA 94610
Contact Email Address	laurie@eastbayia.com
Contact Phone Number	510-541-2426

Charter School Information	
Charter School Name	East Bay Innovation Academy
Charter School CDS Code	we don't have this yet, OUSD is negotiating our Prop 39 location now, so we should be able to apply shortly.
Charter School Number	1620
Charter School Funding Model *(Local or Direct)*	Direct
Chartering Authority	Oakland Unified School District (OUSD)
Charter School Physical Address	we are negotiating a facility with OUSD now. We should have this information shortly.
City, State, Zip Code	Oakland, CA, Unknown ZIP
Date of Charter Approval	October 23, 2013
Date of Charter Expiration	June 30, 2019
Current Average Daily Attendance (%)	unknown, we open in Fall 2014
Students Eligible for Free or Reduced Price Meals (%)	unknown, we open in Fall 2014
Date Charter Began Operations	Planned open date is August 11, 2014
Number of Students Currently Enrolled	we are currently in the enrollment process for our first class in Fall 2014
Estimated Average Daily Attendance	unknown, we open in Fall 2014
English Learners (%)	unknown, we open in Fall 2014

Additional Documents Required (All Applicants):

☑ 1. Written Request for the loan that describes:

a. The financial needs of the charter school, including a brief description of the charter school's business plan.
b. The impact the receipt of the loan will have on the operations of the charter school.
c. The impact the receipt of the loan will have on the charter school's receipt of other public or private financing.
d. Availability of other sources of funding to the charter school.
e. Any plans for creative uses of the funds, such as loan guarantees or other types of credit enhancements.
f. Availability of other sources of funding to the charter school.

☑ 2. Financial Documentation:

a. Audited financial statements (if available).
b. Adopted budget for the first fiscal year applicant is applying for the loan.
c. Budget projections for at least the four fiscal years beyond the fiscal year for which the applicant is applying.
d. Monthly cash flow statement identifying timing and receipt of all revenues and expenditures included in the budget.
e. Listing of historical, current, and anticipated future funding through private contributions.
f. Listing of the total amounts, annual amounts, interest rates, and maturity dates of all existing and anticipated short- and long-term debt obligations.

☑ 3. Operational Documentation:

a. Articles of Incorporation of the Charter School as approved by the California Secretary of State.
b. Legal Status Questionnaire (See Attachment A)
c. Most recent business plan and/or strategic plan for at least the next four academic years.
d. Listing of applicant's board of directors including their occupations, cities of residence, and terms of office.
e. Resumes of charter school key staff members (e.g. CEO, President, Operations Manager, CFO, Principal, etc.)
f. Historical, current, and projected enrollment and attendance for the next five academic years by grade level.
g. Targeted student population and student year-to-year retention rates for all of operation of the charter school.
h. Listing and copy of all material contracts such as management, support services, transportation, and any anticipated contracts involving use of space or equipment to be financed with CSRL funds.
i. A valid current charter between the applicant and its authorizer with expiration date.

☐ **For Option B – Chartering Authority Applicants Only**:

a. Operational agreement or memorandum of understanding between charter school and chartering authority.

Submit Complete Application and Supporting Documentation to:

California School Finance Authority
Charter School Revolving Fund Loan Program
915 Capitol Mall, Suite 101
Sacramento, CA 95814

Option A Certification	
Incorporated charter school is applying for and guarantees repayment of loan: The undersigned hereby request(s) a loan from the Charter School Revolving Loan Fund in accordance with Education Code sections 41365-41367. I hereby certify to the best of my knowledge and belief, that the above information and supporting documents are true and correct and that any loan funds received as a result of this application will be used in accordance with Education Code Section 41365, all other applicable state and federal laws and regulations, general legal assurances, and instructions for the loan application. By signing this document the incorporated charter school that is requesting the loan is assuring the repayment of the loan in full, even in the event of closure of the charter school or the charter school's inability to make annual repayments.	
Signature of Authorized Charter School Representative	
Printed Name	Laurie Jacobson Jones
Title	Co-Founder and Chairman of the Board
Date	February 19, 2014

Option B Certification	
Chartering authority is applying for and guarantees repayment of loan: The undersigned hereby request(s) a loan from the Charter School Revolving Loan Fund in accordance with Education Code sections 41365-41367. I hereby certify to the best of my knowledge and belief, that the above information and supporting documents are true and correct and that any loan funds received as a result of this application will be used in accordance with Education Code Section 41365, all other applicable state and federal laws and regulations, general legal assurances, and instructions for the loan application. By signing this document the chartering authority that is requesting the loan is assuring the repayment of the loan in full, even in the event of closure of the charter school or the chartering authority's inability to make annual repayments.	
Signature of Authorized Chartering Authority Representative	
Printed Name	
Title	
Date	

Attachment A

LEGAL STATUS QUESTIONNAIRE

1. Disclose material information relating to any legal or regulatory proceeding or investigation in which the applicant/borrower/project sponsor is or has been a party and which might have a material impact on the financial viability of the project or the applicant/borrower/ project sponsor. Such disclosures should include any parent, subsidiary, or affiliate of the applicant/borrower/project sponsor that is involved in the management, operation, or development of the project.

   Response: no legal or regulatory proceeding or investigation issues to report.

2. Disclose any civil, criminal, or regulatory action in which the applicant/borrower/project sponsor, or any current board members (not including volunteer board members of non-profit entities), partners, limited liability corporation members, senior officers, or senior management personnel has been named a defendant in such action in the past ten years involving fraud or corruption, or matters involving health and safety where there are allegations of serious harm to employees, the public, or the environment.

   Response: no legal actions of any type to report.

Disclosures should include civil or criminal cases filed in state or federal court; civil or criminal investigations by local, state, or federal law enforcement authorities; and enforcement proceedings or investigations by local, state or federal regulatory agencies. The information provided must include relevant dates, the nature of the allegation(s), charters, complaint or filing, and the outcome.

Signatures on behalf of [*print or type school name*]: East Bay Innovation Academy

I/We attest that we have provided full disclosure *as indicated* in response to items #1 and #2 above.

Rochelle Benning — February 19, 2014

Signature of Principal, CEO, or Lead Administrator — Date

Print or Type Name: Rochelle L Benning, Co-founder and Vice Chairman of the Board

Rochelle Benning

Laurie Jacobson Jones — February 19, 2014

Signature of President or Chair of Governing Board — Date

Print or Type Name: Laurie Jacobson Jones, Co-founder and Chairman of the Board

Laurie Jacobson Jones

EXHIBIT B
LOAN REPAYMENT SCHEDULE