



**PACIFIC COAST ACADEMY**  
13915 Danielson Street, Suite 200, Poway, California 92064  
Phone (619) 966-9528 • Fax (619) 345-0029

**Special Board Meeting  
Pacific Coast Academy  
June 27, 2019 – 5:40 p.m. – 6:00 p.m.  
13915 Danielson Street, Ste 200  
Poway, CA 92064**

**Through Teleconference**

**Karra Gordon**  
**39839 Longleaf Street**  
**Temecula, CA 92591**

**Heather Jovin**  
**1834 Summit Drive**  
**Escondido, CA 92027**

**AGENDA**

1. Call to Order
2. Public Comment
3. Approval of Master Credit Agreement (“Master Agreement”), dated as of July 1, 2019, by and among the entities known as Inspire Charter School – Los Angeles, Inspire Charter School – South, Inspire Charter School – North, Winship Community School, Inspire Charter School – Central, Clarksville Charter School, Pacific Coast Academy, Inspire Education Foundation, Inspire University and Heartland Charter School (each, a California nonprofit public benefit corporation and a “Participant,” and collectively, the “Participants”) and Provenance, a California nonprofit public benefit corporation (“Provenance”) doing business as Inspire District Office (the “District Office”), and acting as the initial administrator hereunder (the “Administrator”) and as a Participant, including the exhibits to the Master Agreement and direction to the officers of the corporation to execute and deliver the Master Agreement and related documents and take such actions as necessary to effectuate the Master Agreement.
4. Adjournment

Public comment rules: Members of the public may address the Board on agenda or non-agenda items. Please fill out a yellow card available at the entrance. Speakers may be called in the order that requests are received, or grouped by subject area. We ask that comments are limited to 2 minutes each, with no more than 15 minutes per single topic so that as many people as possible may be heard. By law, the Board is allowed to take action only on items on the agenda. The Board may, at its discretion, refer a matter to district staff or calendar the issue for future discussion.



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Note: Pacific Coast Academy Governing Board encourages those with disabilities to participate fully in the public meeting process. If you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in the public meeting, please contact the Governing Board Office at 818-207-3837 at least 48 hours before the scheduled board meeting so that we may make every reasonable effort to accommodate you. (Government Code § 54954.2; Americans with Disabilities Act of 1990, § 202 (42 U.S.C. § 12132)).

## MASTER CREDIT AGREEMENT

This Master Credit Agreement (“Master Agreement”), dated as of July 1, 2019, is made by and among Inspire Charter School – Los Angeles, Inspire Charter School – South, Inspire Charter School – North, Winship Community School, Inspire Charter School – Central, Clarksville Charter School, Pacific Coast Academy, Inspire Education Foundation, Inspire University and Heartland Charter School (each, a California nonprofit public benefit corporation and a “Participant,” and collectively, the “Participants”) and Provenance, a California nonprofit public benefit corporation (“Provenance”) doing business as Inspire District Office (the “District Office”), and acting as the initial administrator hereunder (the “Administrator”) and as a Participant.

### RECITALS

**WHEREAS**, each Participant is a California nonprofit public benefit corporation that has been determined to be an organization described in Section 501(c)(3) of the Internal Revenue Code, as amended (the “Code”) whose charitable purposes include the provision or support of free education through the operation of public charter schools based upon the Inspire Education Model (as herein defined) pursuant to a charter authorized under the Charter Schools Act, California Education Code section 47600 *et seq.* (the “Act”);

**WHEREAS**, each Participant was formerly a component of a single entity, Inspire Charter Schools, Inc., until its reorganization in 2017 and 2018, during which time the charter schools among the Participants were separately incorporated and Provenance was established;

**WHEREAS**, from time to time, any Participant may experience cash shortages as a result of lags in State funding due to rapid growth, delays and deferrals, government revenue reductions, and less than projected daily attendance, among other reasons;

**WHEREAS**, from time to time, the Governing Body of any Participant may determine that it holds Eligible Funds (as herein defined) that it is willing to lend to any other Participant (excluding the Administrator as a Participant) under the terms of this Master Agreement;

**WHEREAS**, in accordance with the foregoing, each Participant is authorized by law, and deems it necessary and desirable that it be able, to extend or incur temporary loans as provided in this Master Agreement to ensure uninterrupted school operations and to safeguard against funding shortfalls of the Participant or of another Participant;

**WHEREAS**, prior to the Effective Date (as hereinafter defined), each Participant has heretofore made or incurred one or more temporary loans not heretofore repaid in full (each, cumulatively an “Outstanding Loan Balance”) for such support and for other lawful and proper corporate purposes;

**WHEREAS**, each Participant has entered into a separate Education and Support Services Agreement (“Services Agreement”) with Provenance, whereby the District Office agrees to deliver goods to and performs task-related services for the Participant, at the direction of the

Participant's Governing Body and for which the Governing Body of the Participant retains ultimate decision-making authority, in exchange for an annual fee payable by the Participant;

**WHEREAS**, each Participant desires to ratify and provide for the payment of its respective Outstanding Loan Balance and to establish the terms and policies under which, from or after the date of this Master Agreement, it can temporarily lend to or borrow funds from another Participant through the origination of revenue anticipation loans ("Revenue Anticipation Loans") to support the performance of its respective obligations under its respective Services Agreement and to stabilize and maintain the California public charter school operations of the Participant or of any other Participant, notwithstanding temporary fluctuations in the receipt of public funds under the Act;

**WHEREAS**, each Participant understands and acknowledges that this Master Agreement serves and furthers its respective charitable purposes and Services Agreement;

**WHEREAS**, in order to further document their respective rights and obligations with regard to the Outstanding Loan Balances, and to establish the terms and conditions for the origination and repayment of Revenue Anticipation Loans, the Participants desire to enter into this Master Agreement upon the terms and conditions set forth herein;

**WHEREAS**, all acts and things necessary to constitute these presents a valid agreement according to its terms have been done and performed, and the execution of this Master Agreement has in all respects been duly authorized, and each Participant, in the exercise of the legal right and power vested in it, executes this Master Agreement to provide for the payment of its respective Outstanding Loan Balance and the origination and repayment of Revenue Anticipation Loans in accordance with the terms of this Master Agreement; and

**NOW, THEREFORE**, in order to ratify the terms and conditions of the Outstanding Loan Balances and to declare the terms and conditions upon which Revenue Anticipation Loans will be originated and repaid, and in consideration of the covenants and conditions hereinafter contained, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Participants and the Administrator agree as follows:

## ARTICLE I

### DEFINITIONS, CONTENT OF CERTIFICATES AND OPINIONS; INTERPRETATION

Section 1.01 **Definitions**. In addition to the words and terms elsewhere defined in this Master Agreement, the following words and terms as used in this Master Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

**"Act"** means the Charter Schools Act of 1992, constituting Part 26.8 of Division 4 of Title 2 of the Education Code of the State, as in effect on the date hereof and as it may from time to time hereafter be amended or supplemented.

“**Administrator**” means the District Office or any successor hereafter designated as Administrator pursuant to the provisions hereof.

“**Authorized Officer**” means, as to a Participant, the Chief Executive Officer of the Participant or his or her designee.

“**Board Resolution**” means a resolution certified by the Secretary or equivalent officer of a Participant to have been duly adopted by the Governing Body of such Participant and to be in full force and effect on the date of such certification.

“**Business Day**” means any day which is not any of the following: (a) a Saturday, Sunday or legal holiday as set forth by the Federal Reserve Bank of San Francisco; (b) any other day on which banks in New York, New York are authorized or required to be closed by the appropriate regulatory authorities; or (c) a day on which the New York Stock Exchange is authorized or required to be closed.

“**Certificate**” of a Participant means, respectively, a written certificate, statement, order, request or requisition signed in the name of the Participant by any Authorized Officer. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by the provisions of Section 1.02, each such instrument shall include the statements required under Section 1.02.

“**Charter**,” as to any Participant Borrower, means each duly authorized charter pursuant to which the Participant Borrower operates a Charter School, together with any renewals or extensions thereof, as applicable.

“**Charter School**” means, as to any Participant, means the charter school then operated by the Participant as a public charter school based upon, or duly licensed to operate under, the Inspire Education Model and as provided in the applicable laws and regulations, under the Participant’s Charter and in furtherance of the Participant’s specific charitable purposes.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations, including temporary and proposed regulations, relating to such section which are applicable to any Participant.

“**District Office**” means Provenance, aa California nonprofit public benefit corporation doing business as Inspire District Office, which contracts to provide services to a Participant.

“**Effective Date**” means July 1, 2019, which is the date of the original execution and delivery of this Master Agreement.

“**Electronic Means**” means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission.

“**Eligible Funds**” means the funds of a Participant that have been determined by the adoption such Participant’s Board Resolution by its Governing Board to be surplus because it is not needed for the Participant’s current budgeted expenses or for maintaining operating reserves the Governing Board deems prudent to assure proper and continuous operation of such Participant’s Charter School.

“**Fiscal Year**” means the period beginning July 1 of each year and ending the next succeeding June 30 or any other 12-month period selected and designated as the official fiscal year period of the Corporation.

“**GAAP**” means, as to any Participant, generally accepted accounting principles in the United States of America applicable to the Participant, as in effect from time to time.

“**Governing Body**” means (a) the board of directors, board of trustees or similar group in which the right to exercise the power of corporate directors or trustees is vested or (b) any duly authorized committee of such board to which the relevant powers of such board have been lawfully delegated.

“**Inspire Education Model**” means the model educational services, programs and content licensed to a Charter School by Provenance under trademark.

“**Master Agreement**” means this Master Credit Agreement, dated as of July 1, 2019, among the Participants and the Administrator.

“**Outstanding Loan Balances**” means the total amounts of intercompany loans, advances and payables made or incurred by the Participants prior to the Effective Date and not yet fully repaid, such amounts being subject to adjustment in the course of closing and reconciling each Participant’s financial statements for the Fiscal Year ended June 30, 2019.

“**Participant**” means, initially, Inspire Charter School – Los Angeles, Inspire Charter School – South, Inspire Charter School – North, Winship Community School, Inspire Charter School – Central, Clarksville Charter School, Pacific Coast Academy, Inspire Education Foundation, Inspire University and Heartland Charter School (each, a California nonprofit public benefit corporation) and the Administrator, as and when acting as a Participant, and subsequently, any other Participant that is listed on **Exhibit B** hereto after admission as a Participant pursuant to Section 6.02; *provided, however*, that any Participant that shall have withdrawn as a Participant as permitted by Section 6.03 shall no longer be a “Participant” for purposes hereof.

“**Participant Borrower**” means a Participant acting in the capacity of a borrower as to any Outstanding Loan Balance or any Revenue Anticipation Loan.

“**Participant Lender**” means a Participant acting in the capacity of a lender as to any Outstanding Loan Balance or any Revenue Anticipation Loan.

“**Person**” or words importing persons means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities.

**“Preliminary Outstanding Loan Balances”** means the amounts of Outstanding Loan Balances estimated as of the Effective Date as subject to adjustment in the course of closing and reconciling each Participant’s financial statements for the Fiscal Year ended June 30, 2019.

**“Revenue Anticipation Loan”** means any and all Revenue Anticipation Loans that may be originated in accordance with the terms of this Master Agreement.

**“Services Agreement”** means for any Participant, the Education and Support Services Agreement with Provenance, whereby the District Office agrees to deliver goods to and performs task-related services for the Participant, at the direction of the Participant’s Governing Body and for which the Governing Body of the Participant retains ultimate decision-making authority, in exchange for an annual fee payable by the Participant.

**“State”** means the State of California.

**Section 1.02 Content of Certificates and Opinions.** Every certificate or opinion provided for in this Master Agreement with respect to compliance with any provision hereof shall include all of the following: (a) a statement that the Person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement that, in the opinion of such Person, he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (d) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions in the opinion of such Person are reasonable; and (e) a statement as to whether or not, in the opinion of such Person, such provision has been satisfied.

Any such certificate or opinion made or given by an Authorized Officer may be based, insofar as it relates to legal, accounting or educational matters, upon a certificate or opinion of or representation by counsel, an accountant or a consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant or a consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the applicable Participant upon a Certificate or opinion of or representation by any Authorized Officer, unless such counsel, accountant or consultant knows, or in the exercise of reasonable care should have known, that the Certificate or opinion or representation with respect to the matters upon which such Person’s Certificate or opinion or representation may be based, as aforesaid, is erroneous. Neither the same Authorized Officer or the same counsel, accountant or consultant, as the case may be, need certify to all of the matters required to be certified under any provision of this Master Agreement or any related instrument, but any different Authorized Officer, counsel, accountant or consultant may certify to different matters, respectively.

**Section 1.03 Interpretation.**

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for

convenience only and shall be deemed to mean and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect of any provision of this Master Agreement.

(c) Unless the context otherwise indicates, all references herein to “Articles,” “Sections” “paragraphs”, “subparagraphs,” “clauses” and other subdivisions are to the corresponding Articles, Sections, paragraphs, subparagraphs, clauses or other subdivisions of this Master Agreement; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Master Agreement as a whole and not to any particular Article, Section, paragraph, subparagraph, clause or other subdivision of this Master Agreement.

## ARTICLE II

### OUTSTANDING LOAN BALANCES

Section 2.01 **Ratification of Outstanding Loan Balances.** As authorized pursuant to its Board Resolution, each Participant and the Administrator listed as a party to a Preliminary Outstanding Loan Balance on Exhibit A hereto hereby ratifies and confirms such Preliminary Outstanding Loan Balance, whether (a) such Preliminary Outstanding Loan Balance was originated or incurred by such Participant in its current corporate capacity or (b) subsequently assigned to or assumed by such Participant upon or after its incorporation; provided, however, that each Preliminary Outstanding Loan Balance may be subject to adjustment as set forth in the definition of such term in Section 1.01.

Section 2.02 **Repayment of Outstanding Loan Balances.** Each Participant Borrower and corresponding Participant Lender with respect to all Outstanding Loan Balances to which it is a party hereby agrees that, at the end of its Fiscal Year, it must reconcile funds loaned and borrowed under this Master Agreement. Funds loaned and borrowed under this Master Agreement that are settled or result in a zero balance as of the end of the Fiscal Year are not subject to any repayment terms or interest accruals. Any Outstanding Loan Balance that is not fully repaid as of the end of the Fiscal Year shall be converted to a Revenue Anticipation Loan under Article III of this Master Agreement in order to provide repayment terms for such Outstanding Loan Balance.

## ARTICLE III

### REVENUE ANTICIPATION LOANS

Section 3.01 **Origination.** From time to time, pursuant to a Board Resolution of its Governing Body, any Participant may elect, in accordance with the terms and conditions of this Article III, to act as a Participant Borrower or a Participant Lender with regard to a Revenue Anticipation Loan made or incurred hereunder. Each Participant Loan shall be made or incurred pursuant to Board Resolutions duly adopted by the Governing Body of each Participant Borrower and Participant Lender; provided, however, that any Governing Body may delegate to an Authorized Officer the authority to approve the making or incurring of Revenue Anticipation

Loans only to the extent that the aggregate principal amount of outstanding Revenue Anticipation Loans to which the Participant is a party does not exceed \$50,000. A Participant Lender shall fund no Revenue Anticipation Loan with funds that have not been duly determined by the Participant Lender's Governing Body to be Eligible Funds.

**Section 3.02 Accounting and Documentation.** Each Participant shall ensure that the identity, origin and source of funds loaned or borrowed under this Master Agreement shall remain known, identifiable, open, auditable and accountable. For each Revenue Anticipation Loan, the Authorized Officer of the applicable Participant Borrower shall cause to be completed, executed and delivered to the corresponding Participant Lender a promissory note substantially in the form attached to this Master Agreement as *Exhibit C*, and each such Authorized Officer shall cause to be maintained a ledger of all amounts loaned or borrowed, the date of each borrowing and the source of funds for each borrowing, up-to-date copies of which shall be provided to the Governing Body of such Participant at regular meetings and upon request.

**Section 3.03 The Administrator.** As Administrator and not as a Participant, the Administrator shall assist each Participant Lender and Participant Borrower with processing of and funds transfer and recordkeeping for each Revenue Anticipation Loan authorized pursuant to a duly adopted Board Resolution of the Governing Body of each Participant therein, including without limitation, the maintenance of the applicable ledger as provided in Section 3.02. For all purposes of this Master Agreement, the Administrator shall be prohibited from acting as a Participant Borrower with respect to any Revenue Anticipation Loan that does not arise from the conversion of an Outstanding Loan Balance to the Administrator as provided in Section 2.02. The Administrator may act as a Participant Lender with respect to a Revenue Anticipation Loan subject to the terms of this Master Agreement. Notwithstanding the foregoing, the Administrator shall have no discretion or decision-making authority regarding the origination or repayment of any Revenue Anticipation Loan except for Revenue Anticipation Loans for which the Administrator is acting in the capacity of Participant Lender.

**Section 3.04 Application of Proceeds.** By accepting the proceeds of a Revenue Anticipation Loan, the Participant Borrower shall be deemed to have agreed that its expenditure of such proceeds shall be solely for the Participant Borrower's operation of its Charter School as a public charter school based upon, or duly licensed to operate under, the Inspire Education Model and as provided in the applicable laws and regulations, in the Participant Borrower's charter and in furtherance of the Participant Borrower's specific charitable purposes. Without limitation of the foregoing, no Participant Borrower shall use any proceeds of a Revenue Anticipation Loan, directly or indirectly, to prepay to the Administrator all or any portion of its obligations under any Services Agreement except to the extent of making ordinary and necessary payments thereunder for the current Fiscal Year, it being the intent of the Participant Borrower that no such prepayment shall be made, in whole or in part, to provide funds to the Administrator in lieu of the proceeds of a Revenue Anticipation Loan prohibited under Section 3.03.

**Section 3.05 Repayment.** Each Participant Borrower shall repay its Revenue Anticipation Loan with Eligible Funds no later than the end of the Fiscal Year in which said Revenue Anticipation Loan is made hereunder.

Section 3.06 **Late Charges.** By its acceptance of a Revenue Anticipation Loan, each Participant Borrower acknowledges that any late payment by the Participant Borrower to or for the account of the corresponding Participant Lender or other sums due under or by virtue of this Master Agreement will cause the Participant Lender to incur costs not contemplated by this Master Agreement, the exact amount of which is difficult to ascertain. Accordingly, if any payment on the Revenue Anticipation Loan due from the Lessee shall not be received in full by the Participant Lender (or the Administrator acting on behalf of the Participant Lender) on the date such amount is due, then the Participant Borrower shall pay to the Participant Lender an amount equal to the costs incurred by the Participant Lender or the Administrator directly as a result of such late payment. Any payments of any kind returned for insufficient funds will be subject to an additional handling charge of \$25.00, and thereafter, the Administrator, acting on behalf of the Participant Lender, may require the Participant Borrower to pay all future payments due on the Revenue Anticipation Loan by money order or cashier's check.

Section 3.07 **Source of Payments.** Each Participant Borrower shall repay its Revenue Anticipation Loan solely from its Eligible Funds. Nothing contained in this Section 3.07 shall be construed to release the Participant Borrower from the performance of any of the agreements on its part contained in or by virtue of this Master Agreement, and in the event the Participant Borrower shall fail to perform any such agreements on its part, the Administrator, acting on behalf of the applicable Participant Lender, may institute such action against the Participant Borrower as it may deem necessary to compel performance so long as such action does not abrogate the Participant Borrower's obligations under the Revenue Anticipation or under this Master Agreement.

## ARTICLE IV

### REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 4.01 **Charter.** By its acceptance of any Revenue Anticipation Loan: (a) the Participant Borrower shall be deemed to represent, warrant and covenant to the Participant Lender that, as of the origination date of the Revenue Anticipation Loan: (i) it operates its Charter School as a public charter school based upon, or duly licensed to operate under, the Inspire Education Model in accordance with the terms of its Charter and applicable laws and regulations and (ii) that it has not received any notice of violation of the Charter; (b) the Participant Borrower further covenants and agrees to use its best efforts to: (i) maintain the Charter authorized for the Charter School and (ii) take any and all actions required to renew or extend the term of the Charter authorized for the Charter School for so long as the Revenue Anticipation Loan remains outstanding. Any material revision of the Charter authorized for the Charter School shall be deemed consistent with the terms of the preceding sentence unless such material revision in and of itself materially and adversely affects the operations of the Charter School or the financial condition of the Participant Borrower or the material revision causes the Charter School to cease to operate as a public charter school based upon, or duly licensed to operate under, the Inspire Education Model. Not later than 10 Business Days after receipt, the Participant Borrower covenants to provide the Administrator and the Participant Lender with a copy of any notice received from the Participant Borrower's Charter authorizer related to such authorizer's intent to revoke or to deny renewal or extension of the term of the Charter granted for its Charter School or

any notice of any issues that, if not corrected or resolved, could lead to revocation or non-renewal of the Charter granted for its Charter School.

**Section 4.02 Books and Records.** In addition to the requirements set forth in Section 3.02, each Participant Borrower covenants and agrees, at all times to keep, or cause to be kept, proper books of record and account, prepared in accordance with GAAP, consistently applied, in which complete and accurate entries shall be made of all transactions of or in relation to the business, properties and operations of the Participant Borrower. Such books of record and account shall be available for inspection by the Administrator, each applicable Participant Lender and their respective duly authorized agents, at reasonable hours and under reasonable circumstances.

**Section 4.03 Representations of Each Participant.** As of the date hereof, and as of the date a Revenue Anticipation Loan is made or incurred, the Participant Borrower and the Participant Lender, as applicable, for such Revenue Anticipation Loan each represents and warrants:

(a) that it is a California nonprofit public benefit corporation duly organized and in good standing under the laws of the State and that it has been duly authorized by proper action of its Governing Body to execute and deliver this Master Agreement and the documents and instruments applicable to the Revenue Anticipation Loan and to observe and perform its obligations under this Master Agreement and such Revenue Anticipation Loan;

(b) that it has the necessary legal power and authority to execute and deliver this Master Agreement and all Revenue Anticipation Loan documents to which it is a party and has and will hereafter retain all necessary legal power and authority to perform all obligations and covenants in this Master Agreement and under the Revenue Anticipation Loan;

(c) the execution and delivery of each Revenue Anticipation Loan document and its performance, rights and obligations thereunder do not violate any law or any of its obligations;

(d) the Revenue Anticipation Loan documents have been duly executed and delivered by Participant Borrower and are and shall hereafter remain the legal, valid and binding obligations of the Participant Borrower, enforceable against the Participant Borrower in accordance with their respective terms, except as such enforcement may be limited by law;

(e) there is not presently pending or threatened by or against the Participant Borrower any suit, action, proceeding, or investigation which, if determined adversely to the Participant Borrower, would have a material adverse effect upon the Participant Borrower's financial condition or ability to conduct its business as such business is presently conducted or is contemplated to be conducted in the foreseeable future, and the Participant Borrower will give prompt written notice to the Administrator and the

Participant Lender of any litigation or governmental proceedings pending or threatened against the Participant Borrower; and

(f) the Participant Borrower will prepare, execute and/or deliver such additional instruments and documents as the Participant Lender or its counsel reasonably may require or request in order to carry into effect the provisions and intent of this Master Agreement.

## ARTICLE V

### DEFAULT AND REMEDIES

Section 5.01 **Default.** The occurrence of any one or more of the following events shall constitute a default and breach of this Master Agreement by a Participant Borrower:

(a) the failure of the Participant Borrower to make any payment on a Revenue Anticipation Loan when due;

(b) (i) becoming insolvent as defined by applicable State law; (ii) the making by of any general assignment or general arrangement for the benefit of creditors; (iii) the filing by or against the Participant Borrower of a petition to have the Participant Borrower adjudged a bankrupt, or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against the Participant Borrower, the same is dismissed or withdrawn within 60 days); (iv) the appointment of a trustee or a receiver to take possession of substantially all of the Participant Borrower's assets, where possession is not restored to the Participant Borrower within 30 days; or (v) the attachment, execution or other judicial seizure of substantially all of the Participant Borrower's assets, where such seizure is not discharged in 30 days;

(c) the failure of the Participant Borrower to timely observe or perform any other covenant, condition or provision of this Master Agreement and such failure shall continue for a period of 30 days after written notice thereof by the Administrator or the corresponding Participant Lender to the Participant Borrower; provided, however, that if the nature of the Participant Borrower's default is such that more than 30 days are required for its cure, then the Participant Borrower shall not be deemed to be in default if the Participant Borrower commences such cure within said 30-day period and completes such cure within 60 days after such written notice;

(d) the failure of the Participant Borrower to maintain its Charter to operate its Charter School or otherwise comply with the requirements of the California Education Code and such failure continues for a period of 30 days after written notice thereof by the Administrator or the corresponding Participant Lender to the Participant Borrower; provided, however, that if the nature of the Participant Borrower's default is such that more than 30 days are required for its cure, then the Participant Borrower shall not be deemed to be in default if the Participant Borrower commences such cure within such 30-day period and completes such cure within 60 days after such written notice;

(e) the Participant Borrower ceases to operate a public charter school based upon the Inspire Education Model;

(f) the Participant Borrower fails to use commercially reasonable efforts, including negotiation with its other creditors, to reduce its debt and liabilities;

(g) the Participant Borrower fails to obtain any necessary approvals, consents, authorizations, licenses, certificates and waivers required by law or reasonably necessary to properly effectuate this Master Agreement and to perform its obligations hereunder and under the Revenue Anticipation Loan;

(h) any representation or warranty made by the Participant Borrower under this Master Agreement or in connection with any Revenue Anticipation Loan shall be untrue, incomplete or misleading in any material respect.

**Section 5.02 Remedies in Default.** If a Participant Borrower is in default under the provisions of Section 5.01, then the applicable Participant Lender or the Administrator acting on such Participant Lender's behalf shall have the right to take such action as may be available to it under this Master Agreement or under applicable law, including, without limitation, to declare the remaining amount due under the applicable Revenue Anticipation Loan to be due and payable in full immediately.

## ARTICLE VI

### ADMISSION AND WITHDRAWAL OF PARTICIPANTS; THE ADMINISTRATOR

**Section 6.01 Effect of Admission as a Participant.** Any Person, upon admission as a Participant as provided in Section 6.02, shall be subject to all of the covenants, conditions and limitations imposed by this Master Agreement on any Participant.

**Section 6.02 Admission of a Participant.** Any Person not a Participant as of July 1, 2019, may be admitted as a Participant under this Master Agreement if:

(a) such Person operates a public charter school based upon, or duly licensed to operate under, the Inspire Education Model;

(b) such Person, pursuant to authorization under a Board Resolution duly adopted by its Governing Body, shall execute and deliver to the Administrator, in the form attached hereto as **Exhibit D**, a Certificate by which such Person agrees: (i) to become a Participant hereunder subject to compliance with all provisions of this Master Agreement and (ii) to perform its obligations with respect to each Revenue Anticipation Loan for which it is a Participant Lender or Participant Borrower, as applicable;

(c) the Administrator shall have determined as a factual matter that such Person has satisfied the conditions provided in paragraphs (a) and (b) above for the admission of such Person as a Participant hereunder ; and

(d) the roster of Participants maintained as Exhibit B hereto shall be amended by the Administrator to add such Person as a Participant.

Each successor, assignee, surviving, resulting or transferee corporation of a Participant must agree to become, and satisfy the above-described conditions to becoming, a Participant prior to any such succession, assignment or other change in such Participant's corporate status.

**Section 6.03 Withdrawal of a Participant or the Administrator.** Each of the Participants and the Administrator covenants that it will not take any action, corporate or otherwise, which would cause it or any successor thereto into which it is merged or consolidated to withdraw and cease to be a Participant hereunder unless:

(a) prior to and immediately after such withdrawal as a Participant, no default on the part of such Participant exists hereunder or under any Revenue Anticipation Loan for which the Participant is a Participant Borrower;

(b) prior to such withdrawal, the Participant shall not be a Participant Borrower under any Revenue Anticipation Loan then outstanding and not paid in full;

(c) prior to such withdrawal, the Administrator shall have consented thereto; and

(d) the roster of Participants maintained as Exhibit B hereto shall be amended by the Administrator to delete such Person as a Participant.

**Section 6.04 Appointment of Administrator.** Each Participant, by becoming a Participant hereunder, irrevocably appoints the Administrator to act in that capacity hereunder. In the event that the Administrator withdraws as a Participant pursuant to Section 6.03, the remaining Participants, by execution of a Certificate hereunder, shall designate one such Participant to act as Administrator pursuant to this Section 6.04.

## ARTICLE VII

### GENERAL PROVISIONS

**Section 7.01 Indemnification.** Each Participant Borrower shall defend, indemnify, and hold each Participant Lender and the Administrator and their respective employees, officers, directors, and agents, free and harmless against any liability, loss, claims, demands, damages, expenses, and costs (including attorneys' fees, expert witness fees, and other costs of litigation or other proceedings) of every kind or nature arising in any manner out of the performance of its respective obligations under this Master Agreement or Revenue Anticipation Loan, except for such loss or damage caused solely by the negligence or willful misconduct of the corresponding Participant Lender or the Administrator, as applicable.

**Section 7.02 Fiduciary Obligations.** The respective Governing Body of each Participant has reviewed this Master Agreement and the applicable Revenue Anticipation Loan documents in good faith, and in a manner in which it considers to be in its best interests, and with such care, including reasonable inquiry, as an ordinary prudent Person in a like position would use

under similar circumstances, and has determined that the applicable Revenue Anticipation Loan documents are in its best interests, and that the terms thereof and hereof are fair and reasonable.

**Section 7.03 Assignment.** No Participant shall assign this Master Agreement, any interest in this Master Agreement or under any Revenue Anticipation Loan document, or its respective rights or obligations hereunder and thereunder without the express prior written consent of the corresponding Participant. This Master Agreement shall be binding on, and shall inure to the benefit of, the Participants and their respective permitted successors and assigns.

**Section 7.04 Notice.** Any notice given under this Master Agreement shall be in writing and served either personally or sent by prepaid certified first class mail, overnight delivery service, courier or Electronic Means addressed to the Administrator acting on behalf of each applicable Participant. Notice by mail shall be deemed to be communicated five Business Days from the date of mailing. Notice by overnight delivery service shall be deemed to be communicated three Business Days from the date of shipping. Notice by courier or Electronic Means shall be deemed to be communicated the Business Day immediately after the date of transmittal.

**Section 7.05 Amendments.** No supplement, modification, or amendment of this Master Agreement shall be binding unless in writing and executed the Administrator and the Participants.

**Section 7.06 Entire Agreement.** This Master Agreement and the Revenue Anticipation Loan documents executed and delivered pursuant hereto shall constitute the entire agreement among the Participants and the Administrator with respect to the subject matter contained herein and supersedes all agreements, representations and understandings of the Participants and the Administrator with respect to such subject matter made or entered into prior to the date of this Master Agreement.

**Section 7.07 Arm's Length and Independent Counsel.** This Master Agreement has been negotiated at arm's length and between Persons sophisticated and knowledgeable in the matters herein set forth. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities against the party that has drafted it is not applicable and is hereby waived. The provisions of this Master Agreement shall be interpreted in a reasonable manner to effect the purposes of the Participants, the Administrator and this Master Agreement. Each Participant has been advised by, or had opportunity to seek advice from, its independent counsel regarding this Master Agreement.

**Section 7.08 No Waiver.** No waiver of any provision of this Master Agreement shall constitute, or be deemed to constitute, a waiver of any other provision, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Participant making the waiver.

**Section 7.09 Severability.** If any provision of this Master Agreement is invalid or contravenes State law, such provision shall be deemed not to be a part of this Master Agreement and shall not affect the validity or enforceability of its remaining provisions, unless such invalidity or unenforceability would defeat an essential purpose of this Master Agreement.

Section 7.10 **Governing Law.** This Master Agreement shall be governed by and interpreted under the laws of the State.

Section 7.11 **Counterparts.** This Master Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. An electronic copy of the fully executed original version of this Master Agreement shall have the same legal effect as an executed original for all purposes.

Section 7.12 **No Third Party Beneficiary.** No Person who is not a party to this Master Agreement is an intended beneficiary and no non-party to this Master Agreement shall have any rights hereunder.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, this Master Credit Agreement is duly executed as of  
July 1, 2019.

**INSPIRE CHARTER SCHOOL – LOS ANGELES,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**INSPIRE CHARTER SCHOOL – SOUTH,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**INSPIRE CHARTER SCHOOL – NORTH,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**WINSHIP COMMUNITY SCHOOL,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**INSPIRE CHARTER SCHOOL – CENTRAL,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**CLARKSVILLE CHARTER SCHOOL,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**[SIGNATURES CONTINUE ON NEXT PAGE]**

**PACIFIC COAST ACADEMY,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**INSPIRE EDUCATION FOUNDATION,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**INSPIRE UNIVERSITY,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**HEARTLAND CHARTER SCHOOL,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**PROVENANCE,**  
a California nonprofit public benefit corporation

By \_\_\_\_\_  
[Name and Title]

**EXHIBITS TO MASTER CREDIT AGREEMENT**

**EXHIBIT A: Schedule of Outstanding Loan Balances**

**EXHIBIT B: Roster of Participants**

**EXHIBIT C: Form of Revenue Anticipation Promissory Note**

**EXHIBIT D: Form of Certificate of Admission as a Participant**

**EXHIBIT A**  
**Schedule of Preliminary Outstanding Loan Balances**

<b>Lending Party</b>	<b>Receiving Party</b>	<b>Balance*</b>
Inspire LA	District	\$2,377,904.78
Inspire North	Jitterbug	\$50,000.00
Inspire Winship	District	\$371,362.44
Inspire Central	University	\$20,000.00
Inspire District Office	South	\$2,391,991.42
Inspire District Office	North	\$2,566,913.38
Inspire District Office	Kern	\$4,278,340.04
Inspire District Office	Central	\$4,292,721.15
Inspire District Office	Clarksville	\$28,782.44
Inspire District Office	PCA	\$3,359,803.08
Inspire District Office	Foundation	\$2,907,230.83
Inspire District Office	Heartland	\$4,632,820.24
Inspire District Office	University	\$99,000.00
Inspire Jitterbug	Kern	\$320,000.00
Inspire Jitterbug	Central	\$100,000.00
Inspire Jitterbug	Foundation	\$46,310.00
Inspire Heartland	Jitterbug	\$50,000.00
Inspire Heartland	University	\$70,000.00
Inspire SD Enrichment	District	\$22,789.24
Inspire SD Enrichment	Foundation	\$15,500
Inspire University	Foundation	\$100,400.00

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\* Subject to adjustment in the course of reconciling and closing financial statements for the fiscal year ended June 30, 2019.

**EXHIBIT B**  
**Roster of Participants**

Inspire Charter School – Los Angeles, a California nonprofit public benefit corporation  
Inspire Charter School – South, a California nonprofit public benefit corporation  
Inspire Charter School – North, a California nonprofit public benefit corporation  
Winship Community School, a California nonprofit public benefit corporation  
Inspire Charter School – Central, a California nonprofit public benefit corporation  
Clarksville Charter School, a California nonprofit public benefit corporation  
Pacific Coast Academy, a California nonprofit public benefit corporation  
Inspire Education Foundation, a California nonprofit public benefit corporation  
Inspire University, a California nonprofit public benefit corporation  
Heartland Charter School, a California nonprofit public benefit corporation  
Provenance, a California nonprofit public benefit corporation

**EXHIBIT C**  
**Form of Revenue Anticipation Promissory Note**

**PROMISSORY NOTE**

[\$AMOUNT]

[DATE OF EXECUTION]

For value received, the receipt and sufficiency of which are hereby acknowledged, [NAME OF PARTICIPANT BORROWER], a California nonprofit public benefit corporation (“Participant Borrower”), hereby promises to pay to [NAME OF PARTICIPANT LENDER], a California nonprofit public benefit corporation (“Participant Lender”), the principal sum of [AMOUNT], or such lesser amounts as may be loaned by Participant Lender to Participant Borrower from time to time and may be outstanding, until this Promissory Note is fully paid.

This Promissory Note is issued pursuant, and is subject, to the Master Credit Agreement, dated as of July 1, 2019 (“Master Agreement”), by and among the Participants and the Administrator as parties thereto. The terms and conditions of the Master Agreement are hereby incorporated by reference. This Promissory Note is a promissory note referred to in Section 3.02 of the Master Agreement.

The principal hereof shall be due and payable in lawful money of the United States of America under the terms and conditions provided in the Master Agreement. Upon the occurrence of any one or more of the events of default specified in the Master Agreement, all amounts then remaining unpaid on this Promissory Note shall become, or may be declared to be, immediately due and payable, to the extent provided for in the Master Agreement. Time is of the essence hereof.

Participant Borrower waives diligence, presentment, protest and demand, notice of protest, notice of dishonor and notice of nonpayment of this Promissory Note.

The validity, interpretation and enforceability of and the rights and obligations of the Participant Lender and the undersigned Participant Borrower shall be governed by, interpreted and construed in accordance only with the laws of the State of California, the state in which this Promissory Note is executed and delivered.

[NAME OF PARTICIPANT BORROWER],  
a California nonprofit public benefit corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT D**  
**Form of Certificate of Admission as a Participant**

This Certificate of Admission as a Participant (“Certificate”) is executed by the undersigned pursuant to Section 6.02 of that certain Master Credit Agreement, dated as of July 1, 2019 (the “Master Agreement”), initially by and among Inspire Charter School – Los Angeles, Inspire Charter School – South, Inspire Charter School – North, Winship Community School, Inspire Charter School – Central, Clarksville Charter School, Pacific Coast Academy, Inspire Education Foundation, Inspire University, Heartland Charter School and Provenance (each, a California nonprofit public benefit corporation). Except as otherwise defined in this Certificate, all capitalized terms used herein shall have the definitions ascribed to them in the Master Agreement. The Master Agreement, including without limitation all of the exhibits thereto, are by this reference incorporated in full in this Certificate. The undersigned hereby certifies that pursuant to its duly adopted Board Resolution it has been duly authorized to execute and deliver this Certificate.

By its execution of this Certificate, the undersigned agrees to become a Participant under the Master Agreement, effective upon the approval and signature hereof by the Administrator. The undersigned further agrees to perform its obligations as a Participant with respect to each Revenue Anticipation Loan for which it is a Participant Lender or Participant Borrower, as applicable.

**IN WITNESS WHEREOF**, this Certificate is duly executed as of [DATE], 2019.

[NAME],  
a California nonprofit public benefit corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADMINISTRATOR APPROVAL**

Acting in solely in its capacity as Administrator under the above-referenced Master Credit Agreement and pursuant to the provisions of Section 6.02 thereof, the undersigned hereby determines that the conditions provided in said Section 6.02 have been satisfied and, accordingly, hereby approves the admission of the above-named signatory as a Participant thereunder, effective as of the date shown above, and hereby agrees, in accordance with the provisions of said Section 6.02, forthwith to amend the roster of Participants maintained as Exhibit B to the Master Credit Agreement.

**PROVENANCE**,  
a California nonprofit public benefit corporation,  
as Administrator

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_