



Highland Academy Charter School

Board Meeting

Date and Time

Monday December 14, 2015 at 7:00 PM

Location

715 Wellwood Ave. Beaumont, CA 92223, Room A1

Agenda

	Purpose	Presenter	Duration
I. Opening Items			
A. Record Attendance and Guests			
B. Call the Meeting to Order			
C. Approve Minutes	Approve Minutes	Nerni Miller	2
II. Academic Excellence			
A. ASB Report by Samantha Stevenson	FYI	Brent Bishop	5
B. Attendance Report	FYI	Billy McIntosh	5
III. CEO Support And Eval			
IV. Development			
V. Facility			
VI. Governance			
A. Update on New Board Member status and Chamber of Commerce	FYI	Brent Bishop	2
VII. Finance			
A. Recommend approving 1st Interim Budget report	Vote	Brent Bishop	10
B. Recommend approving Charter School Capital Payback Plan	Vote	Brent Bishop	5
VIII. Other Business			
IX. Closing Items			
A. Adjourn Meeting	Vote		

Agenda Cover Sheets

Section: **VII. Finance**
Item: B. Recommend approving Charter School Capital Payback Plan
Purpose: Vote
Goal:
Submitted by:
Related Material: Draft Settlement Agreement (Revised 12.8.15) copy.docx



Highland Academy Charter School

Minutes

Board Meeting

Date and Time

Wednesday November 18, 2015 at 6:30 PM

Location

715 Wellwood Ave. Beaumont, CA 92223, Room A1

Board Members Present

Leland Riker, Matthew Croad, Nerni Miller, Scott Whitlatch

Board Members Absent

Brandy Lee

Guests Present

Brent Bishop, Terrence Davis

I. Opening Items**A. Record Attendance and Guests****B. Call the Meeting to Order**

Brent Bishop called a meeting of the board of directors of Highland Academy Charter School to order on Wednesday Nov 18, 2015 @ 6:35 PM at 715 Wellwood Ave. Beaumont, CA 92223, Room A1.

C. Approve Minutes

M. Croad made a motion to approve minutes from the Board Meeting on 09-23-15.

Scott Whitlatch seconded the motion.

The board **VOTED** unanimously to approve the motion.

II. Academic Excellence

A.ASB Report by Samantha Stevenson

Last week we had a service project for care packages for veterans. Turkey trot is this Friday at 12:30. Assembly to inform children regarding gang awareness and things to be careful. This assembly will be in January.

III. Development

A.Approve Brandy Lee's Math teacher contract

M. Croad made a motion to To approve Brandy Lee's employment contract. Scott Whitlatch seconded the motion. The board **VOTED** unanimously to approve the motion.

B.Report on Enrollment and Attendance

We are at 96% ADA.

IV. Facility

A.Discuss Portable Classrooms on Campus

Senate bill 1324 to extend the sunset of portable buildings. It expired in September. DSA which regulates all the buildings. They welds were not inspected, and so there are some portable buildings that are not to code. We are thinking that there may be some buildings on this facility that this new bill may affect. Can we hire someone to inspect? We must have a plan in place. Compliance is required in order for any movement or additional funding or or approval for future projects. We must find out whether this applies to us.

V. Finance

A.Update on Board On Track membership

We are fully paid up until June 2016. The plan is to keep until then and not renew.

B.Budget Update and Workshop

Updates on budget: ADA percentage is requiring an adjustment to interim budget. Budget by end of week. Deadline is dec 15th. Nerni: where are we getting the information for the report? A+ We are projecting significantly higher dollar amounts. We are going with 94%. That will bring a 230k in additional revenue. We are moving toward getting away form A+. We have made adjustments to thermostats. Bill is down by half or 2500/month. We are looking into health benefits by changing carriers. We are eliminating charter school conference. About 5000 We received a grant of 3500 today. We are replacing chrome books.

C.Payment Plan Options for Charter School Capital

Communicating with charter school capital. We are working with 200k of back debt. We presented a payback plan over the next five months. The other option is to role into a new funding. We will have funding options early next week.

D.Payment Plan Options for Charter Asset Management

Same situation as charter capital.

VI. Governance

A.Possible people to fill vacant Board spot

We are still looking for new spots.

VII. Closing Items

A.Adjourn Meeting

S. Whitlatch made a motion to Adjourn meeting.

Leland Riker seconded the motion.

The board **VOTED** unanimously to approve the motion. Next meeting Monday the 14 th at 7pm.

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 7:45 PM.

Respectfully Submitted,
Matthew Croad

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into and made effective as of December 18, 2015 by and between Charter School Capital, Inc., a Delaware corporation (“CSC”) and Highland Academy Charter School, a California nonprofit public benefit corporation and operator of the Highland Academy Charter School (“Highland,” and together with CSC, the “Parties”). Capitalized terms not defined herein shall have the meaning ascribed thereto in the Receivables Purchase Agreement (as defined below).

RECITALS

- A) CSC and Highland entered into a Receivables Purchase Agreement dated as of August 30, 2013 (the “Receivables Purchase Agreement”) pursuant to which CSC purchased certain accounts receivable of Highland, as more particularly identified in the Bills of Sale executed by Highland on October 22, 2014 and December 12, 2014, respectively (collectively, the “Receivables”);
- B) Having sold and assigned all of its right, title and interest in and to the Defaulted Receivables to CSC, Highland further agreed pursuant to the terms of the Receivables Purchase Agreement to arrange for the Obligors (as defined below) to pay the Receivables directly to U.S. Bank, as paying agent for the parties (“Paying Agent”), and, in the event Highland received direct payment on the Receivables, to immediately deliver such amounts to the Paying Agent;
- C) The Parties concede that the State of California, the Riverside County Office of Education, and the Beaumont Unified School District (“Obligors”) have paid all amounts owed in respect of Highland on the Receivables and that Highland did not forward such amounts to the Paying Agent as required by the Receivables Purchase Agreement;
- D) To the extent amounts paid in respect of Highland on the Receivables are not paid to the Paying Agent, the terms of the Receivables Purchase Agreement authorize CSC on a daily basis to charge interest on such outstanding amount at a rate of 18% per annum until such outstanding amounts have been paid to CSC;
- E) As of the date hereof, the Face Value of outstanding Receivables owed to CSC is \$201,717.00 and accrued interest thereon from the date paid by the Obligor through the date hereof is ~~[\$23,879.30]~~ 24,585.31, equaling a total amount outstanding in respect of the Receivables of ~~[\$227,892.88]~~ 226,302.31 (the “Outstanding Obligations”);
- F) The Parties wish to avoid the expense, delay, inconvenience, burden and uncertainty of litigation, and hence CSC and Highland have agreed to compromise, settle and resolve any and all disputes among and between them with respect to the Receivables and seek to resolve any and all legal and equitable claims among and between them with respect to such Receivables; and

G) The Parties have agreed to a payment plan and partial refinancing of the Receivables, as more particularly described herein.

AGREEMENT

In consideration of the promises and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, CSC and Highland intending to be legally bound by this Agreement, agree as follows:

Section 1. Payments.

(a) Concurrently with the execution of this Agreement, Highland agrees to pay to CSC the amount of ~~Sixty~~Fifty-Five Thousand Dollars (~~\$65~~50,000.00) in immediately available funds.

(b) Concurrently with the execution of this Agreement, Highland shall sell to CSC the receivables identified in the Bill of Sale executed of even date herewith (the "New Receivables"), the proceeds of which will be ~~[\$72,49460,000]~~, ~~and all of~~ which shall be ~~immediately~~ applied as follows: \$70,000 towards payment of the Outstanding Obligations and \$2,494.00 towards payment of the Program Fee (as defined in the Receivables Purchase Agreement).

(c) Beginning January 1, 2016, Highland shall make monthly payments of the remaining balance in respect of the Outstanding Obligations on the first (1st) of each calendar month in accordance with the payment schedule attached hereto as Schedule I, which is incorporated herein. The balance of the Outstanding Obligations shall continue to bear interest at the rate of 10% per annum from and as of December 1, 2015 until paid in full; *provided, however,* that if any monthly payment is not received within two days following payment due date, the balance on the Outstanding Obligations shall bear interest at the rate of 18% per annum until paid in full ("Default Rate").

(d) Highland shall use reasonable commercial efforts to cause the Obligor in respect of any New Receivables to deliver such New Receivables directly to the Paying Agent or to CSC or its designee, which may include scheduling a courier to meet a representative of Highland at the Obligor's location in order for the courier to take delivery of the New Receivable and deliver same to the Paying Agent. CSC will arrange for, and bear the cost of, the courier service. If any payments in respect of the New Receivables are made by any Obligor directly to Highland, then Highland shall be deemed to be holding such amounts in trust for CSC and shall immediately deliver same to the Paying Agent, with setoff, deduction or counterclaim.

Section 2. Default; Remedies.

(a) If Highland fails timely to make any payment described in Section 1(c), the balance on the Outstanding Obligations shall be accelerated and shall immediately become

due and payable to CSC without further demand or notice and shall bear interest at the default rate of 18% per annum from the date of default until paid in full.

(b) Additionally, if Highland fails to comply with its obligations in Section 1(d), the amount of [~~\$764,000~~] shall be immediately due and payable to CSC hereunder without further demand or notice and shall bear interest at the default rate of 18% per annum from the date paid by the Obligor until paid in full.

(c) CSC reserves all rights and remedies at law or in equity in respect of the Outstanding Obligations; and CSC reserves all rights and remedies at law, in equity, as provided in the Receivables Purchase Agreement or herein in respect of the New Receivables. Nothing herein shall be interpreted to modify or otherwise limit CSC's security interest in the personal property assets of Highland.

Section 3. Waiver and Release of Claims. On the 91st day following payment in full of the Outstanding Obligations, the New Receivables, and any additional receivables purchased in accordance with Section 4 (the "Release Date"), the Parties shall be deemed to have expressly waived and relinquished all rights and benefits with respect to the Outstanding Obligations, the New Receivables and any additional receivables purchased in accordance with Section 4 that either Party has or may have had under any applicable "unknown" or "unsuspected" claims laws. The Parties understand and expressly agree that, on and as of the Release Date, and provided that the Outstanding Obligations, the New Receivables and any additional receivables purchased in accordance with Section 4 have been paid in full, they intend to waive, and hereby expressly waive as of the Release Date, all rights under California Civil Code Section 1542, and any similar law of any state or territory of the United States, in connection with the Outstanding Obligations and New Receivables. Section 1542 reads as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

Nothing herein shall be deemed a waiver of any Party's rights or obligations in respect of any additional receivables purchased by CSC pursuant to Section 4, which shall continue to be governed by the Receivables Purchase Agreement.

Section 4. Purchase of Additional Receivables. Highland may sell additional receivables to CSC provided that Highland is not in breach of this Agreement or any Receivables Purchase Agreement. Such receivables sales shall be subject the terms of the Receivables Purchase Agreement and in compliance with CSC's underwriting criteria, practices and policies. Highland shall also remain liable for any unpaid Program Fee, which amount shall be collected pro rata from each funding, as provided in the Receivables Purchase Agreement and related Transaction Documents.

Section 5. Lien and Security Interest. CSC'S lien and security interest on Highland's personal property, granted pursuant to the Receivables Purchase Agreement, shall remain in full force and effect until all amounts owing to CSC hereunder and under the Receivables Purchase

Agreement are paid and performed in full (including the Outstanding Obligations, the New Receivables and any additional receivables purchased pursuant to Section 4.

Section 6. Parties Represented by Counsel.

(a) The Parties attest that they have had the opportunity to be advised by legal counsel of their choice as to this Agreement, and fully understand and acknowledge the significance and consequences of this waiver, and assume full responsibility for any losses that may be sustained of any nature or sort that might otherwise have been assertable as claims with respect to the matters released herein.

(b) In entering into this Agreement, the Parties represent that they have relied upon the advice of their attorneys, who are attorneys of their own choice, and that the terms of this Agreement have been completely read and understood by their attorneys, and that those terms are fully understood and voluntarily accepted by the Parties.

(c) The Parties represent and warrant that they are not relying upon any other party for advice, and that this Agreement is a product of negotiation and preparation by and among the Parties and their respective counsel. Each party therefore expressly waives the provisions of Civil Code Section 1654 and acknowledges and agrees that this Agreement should not be deemed prepared or drafted by one party or the other, and shall be construed accordingly.

Section 7. Authority; Capacity. The Parties declare and warrant that each has the authority and capacity to make the releases provided for in this Agreement, and to enter into this Agreement.

Section 8. No Assignment. The Parties represent and warrant that they have not assigned, sold, or otherwise transferred to any other person or entity all or any interest in any claim or cause of action whatsoever that they may now or in the future have against each other arising out of or in connection with the facts and circumstances alleged in this Agreement.

Section 9. Recitals. The Recitals set forth above are incorporated herein and made a part of this Agreement.

Section 10. Entire Agreement. Except as otherwise expressly provided herein, this Agreement contains the entire agreement between the Parties and supercedes any and all negotiations, prior agreements and understandings, written or oral, between the Parties pertaining to Outstanding Obligations. No course of dealing between the Parties, and no extrinsic evidence of any nature shall be used to supplement, explain or modify any term in this Agreement.

Section 11. Governing Law. This Agreement shall be governed by, and construed in accordance with, the substantive laws of the State of California, without giving effect to its choice of law doctrine or principles thereof.

Section 12. Amendment; Waiver. Neither this Agreement nor any provision hereof may be changed, waived, discharged, or terminated, save and except by an instrument in writing

signed by the party against whom enforcement of the change, waiver, discharge, or termination, is sought.

Section 13. Successors; Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties, and their respective heirs, representatives, parents, subsidiaries, related entities, successors and assigns.

Section 14. Fees and Costs. Highland shall be liable for any collection costs or expenses, including reasonable attorneys fees of in-house and outside counsel, incurred by CSC in order to enforce the terms of this Agreement.

Section 15. Counterparts. This Agreement may be executed in one or more originals, photocopies, facsimile or electronically transmitted counterparts. All executed counterparts, and each of them, shall be deemed to be one and the same agreement.

Section 16. Confidentiality. The terms and conditions of this Agreement are absolutely confidential between the parties and shall not be disclosed to anyone else, except as shall be necessary to effectuate its terms. Any disclosure in violation of this section shall be deemed a material breach of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the day and year first above stated.

HIGHLAND ACADEMY CHARTER
SCHOOL

CHARTER SCHOOL CAPITAL, INC.

By: _____
Name:
Title:

By: _____
Stuart Ellis
Chief Executive Officer

**Schedule I
Payment Schedule**

~~Interest Rate~~ 10%

Date	Payment	Principal	Interest	Ending Balance
12/11/15				-\$225,596.30
12/11/15	-\$65,000.00	-\$65,000.00	--	-\$160,596.30
12/11/15	-\$60,000.00	-\$60,000.00	--	-\$100,596.30
1/1/16	-\$20,500.00	-\$19,913.19	-586.81	-\$80,683.12
2/1/16	-\$20,500.00	-\$19,805.23	-694.77	-\$60,877.89
3/1/16	-\$20,500.00	-\$20,009.59	-490.41	-\$40,868.29
4/1/16	-\$20,500.00	-\$20,148.08	-351.92	-\$20,720.21
<u>5/1/16</u>	<u>-\$20,892.88</u>	<u>-\$20,720.21</u>	<u>-172.67</u>	<u>-\$-</u>
	-\$227,892.88	-\$225,596.30	-\$2,296.58	

Interest Rate 10%

<u>Date</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Ending Balance</u>
12/18/15				<u>\$226,302.31</u>
12/18/15	<u>\$55,000.00</u>	<u>\$55,000.00</u>	<u>-</u>	<u>\$171,302.31</u>
12/18/15	<u>\$70,000.00</u>	<u>\$70,000.00</u>	<u>-</u>	<u>\$101,302.31</u>
1/1/16	<u>\$20,500.00</u>	<u>\$20,106.05</u>	<u>393.95</u>	<u>\$81,196.27</u>
2/1/16	<u>\$20,500.00</u>	<u>\$19,800.81</u>	<u>699.19</u>	<u>\$61,395.46</u>
3/1/16	<u>\$20,500.00</u>	<u>\$20,005.43</u>	<u>494.57</u>	<u>\$41,390.03</u>
4/1/16	<u>\$20,500.00</u>	<u>\$20,143.59</u>	<u>356.41</u>	<u>\$21,246.45</u>
<u>5/1/16</u>	<u>\$21,423.50</u>	<u>\$21,246.45</u>	<u>177.05</u>	<u>-\$-</u>
	<u>\$228,423.50</u>	<u>\$226,302.31</u>	<u>\$2,121.19</u>	