

Virtual Preparatory Academy at Lucerne

SPECIAL BOARD MEETING AGENDA

Wednesday, June 14, 2023, 3:00 PM

Meeting Location: 2335 W Foothill Blvd. Upland, Ca. 91786

Individuals wishing to speak at the board meeting during the public comment period may do so at the designated time, in-person at the location(s) above, or by directing advance written comments to the Head of School, Michelle Romaine, at mromaine@vpreplucerne.org.

MEETING AGENDA & RELATED MATERIALS

For more information concerning this agenda or for materials relating to this meeting, please contact the Head of School, Michelle Romaine, at mromaine@vpreplucerne.org. Any public records relating to an agenda item for an open session of the Board shall be available for inspection at 2335 W. Foothill Blvd., Upland, CA 91786.

THE ORDER OF BUSINESS MAY BE CHANGED WITHOUT NOTICE

Notice is hereby given that the order of consideration of matters on this agenda may be changed without prior notice.

REASONABLE LIMITATIONS MAY BE PLACED ON PUBLIC TESTIMONY

The Board's presiding officer reserves the right to impose reasonable time limits on public testimony to ensure that the agenda is completed.

REASONABLE ACCOMMODATION WILL BE PROVIDED FOR ANY INDIVIDUAL WITH A DISABILITY

Pursuant to the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, any individual with a disability who requires reasonable accommodation to attend or participate in this meeting may request assistance by contacting the Head of School, Michelle Romaine, at mromaine@vpreplucerne.org.

I. Opening Items

- A. Meeting Called to Order**
- B. Welcome and Roll Call**
- C. Adoption of Agenda**

D. Approval of Minutes
6/12/23 Regular Board Meeting

E. Public Comment

Members of the public may address the Board at regular meetings on agenda or non-agenda items that are within the subject matter jurisdiction of the Board, and at special meetings on agenda items only. At the designated time for public comment, speakers line up at the designated podium at the meeting locations(s), use Speakers on items not on the agenda for action will be heard at the conclusion of the public input period. Each speaker is allowed a maximum of two minutes for his or her comments. Accommodations are made for translation and for those needing assistance. Each speaker may only make a single appearance at each Board Meeting. Exceptions are made for items labeled "Public Hearing".

II. Action Items

A. Charter Asset Management

The Board will consider approval of a capital loan to effectively continue the operations of the school.

B. New School Bank Account

The Board will consider approval of a resolution for a new bank account. The Corporation requires a new bank account to effectively manage its financial transactions and to facilitate the operation of the School.

C. Closing Items

- a. Board Member Comments**
- b. Motion for Adjournment**

CAM

CHARTER
ASSET
MANAGEMENT



VIRTUAL
PREP ACADEMY
@ Lucerne

Virtual Prep Academy @ Lucerne Factoring Term Sheet



Our Mission:

To help charter schools reach their full potential via sound lending and investing practices.

CAM

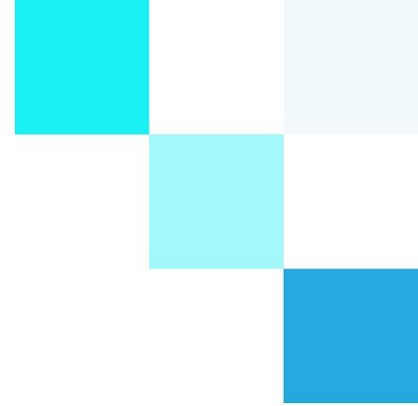
CHARTER
ASSET
MANAGEMENT

About CAM

Since 2012, Charter Asset Management (CAM) has funded over \$1 billion to charter schools nationwide. CAM offers term loans, revolving lines of credit, bridge loans for real estate acquisitions and improvements, and working capital via receivables factoring.

National Leader in Charter School Financing





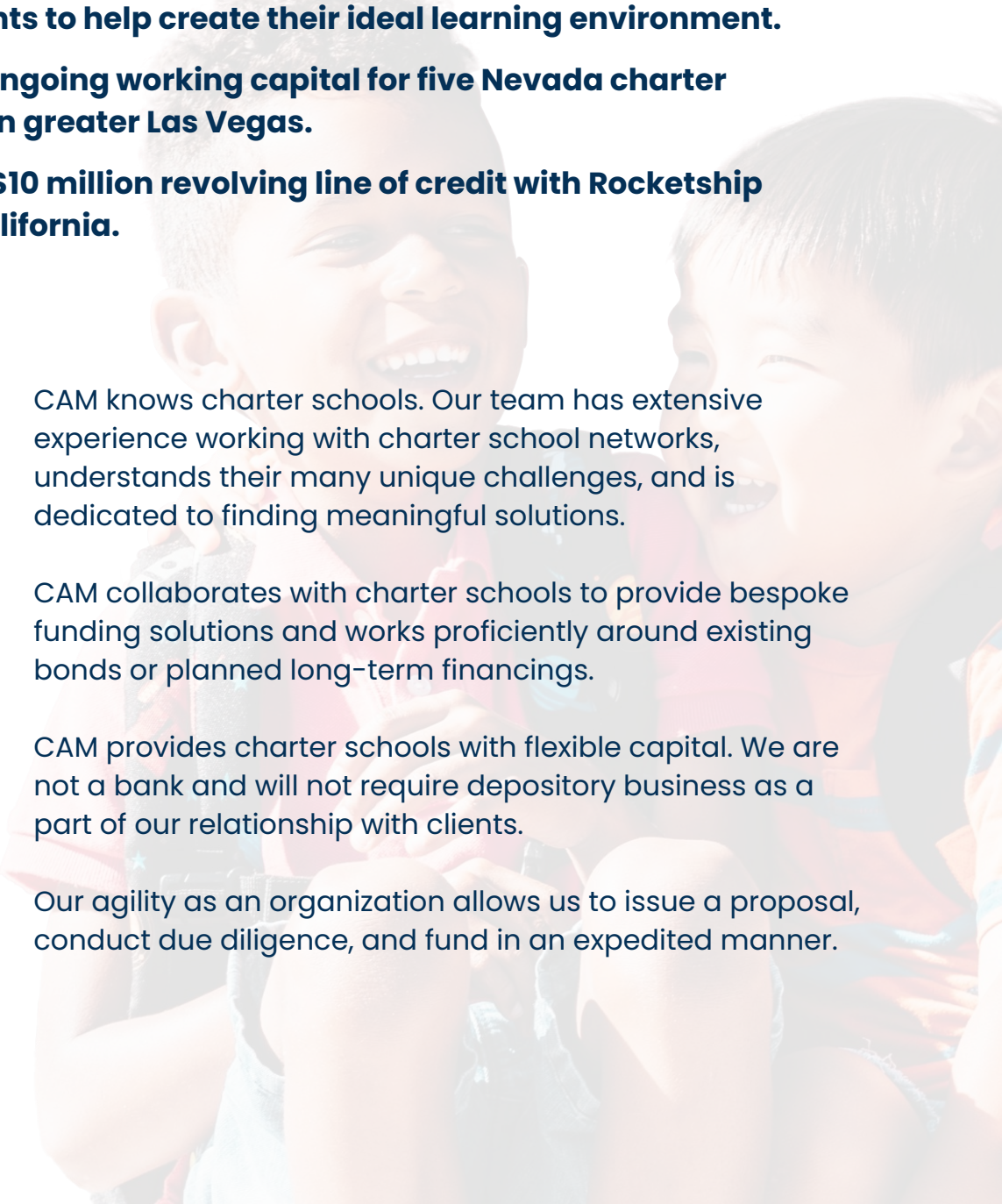
Highlights & Strengths

CAM funded Harbor Springs Charter School \$12.5 million for the acquisition of their new campus in Chula Vista, California, and \$2M for improvements to help create their ideal learning environment.

CAM provides ongoing working capital for five Nevada charter schools based in greater Las Vegas.

CAM opened a \$10 million revolving line of credit with Rocketship Education in California.

CAM Strengths:

- 
- Expertise:** CAM knows charter schools. Our team has extensive experience working with charter school networks, understands their many unique challenges, and is dedicated to finding meaningful solutions.
 - Collaboration:** CAM collaborates with charter schools to provide bespoke funding solutions and works proficiently around existing bonds or planned long-term financings.
 - Flexibility:** CAM provides charter schools with flexible capital. We are not a bank and will not require depository business as a part of our relationship with clients.
 - Speed:** Our agility as an organization allows us to issue a proposal, conduct due diligence, and fund in an expedited manner.

CAM Factoring Term Sheet

June 13, 2023

Ms. Michelle Romaine
Head of School
Virtual Prep Academy @ Lucerne
CC: Karl Yoder, Key Charter Advisors
8560 Aliento Road, Lucerne Valley, CA 92356

Dear Ms. Michelle Romaine,

Charter Asset Management Fund, L.P. (“Purchaser”) appreciates this opportunity to begin our relationship with Virtual Prep Academy @ Lucerne (“Seller”). We would like to propose the following terms and conditions for the factoring transaction under discussion. Please note that this letter is not intended to constitute a commitment to factor on the part of the Purchaser, but to summarize for discussion purposes the working capital accommodation that we are interested in considering. Notwithstanding the foregoing, the terms under the heading “Confidentiality” as set forth below in this letter shall constitute a binding and legally enforceable agreement between the parties.

Factoring is a common financing transaction used in many industries where future revenues, in this case, state-aid receivables, are purchased at a discount to advance capital for use in the present. In other words, CAM will provide capital to your charter school now by purchasing a portion of the state-aid due to your school in the future.

Purchaser	Charter Asset Management Fund, L.P.
Seller	Virtual Prep Academy @ Lucerne
Net Amount Funded	\$1,000,000.00
Factored Amount	\$1,049,376.35
Cost of Capital	\$49,376.35
Legal & Admin Fee	N/A
Closing Date	June 30, 2023

Collateral

Purchaser will be provided a perfected first position security interest in all of the Seller's present and future assets, including intellectual property and general intangible assets including but not limited to first and exclusive position of all future state revenue. Seller authorizes Purchaser to file UCC-1 financing statements and other necessary documents with UCC filing offices showing Purchaser as secured party and Seller as debtor and covering all of the above-described collateral.

Dominion

All state and other payments to be intercepted and distributed by a designated trustee, control account or cash collateral account pursuant to a deposit account control agreement.

Repayment Schedule

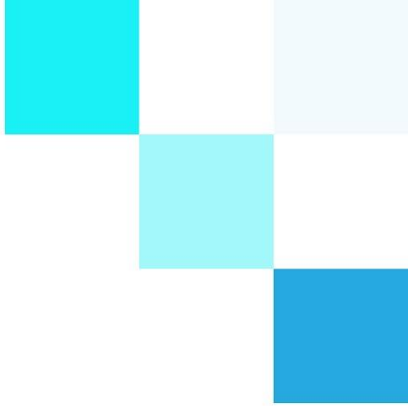
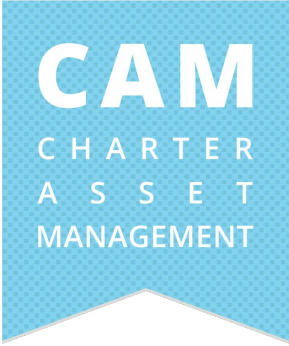
Pursuant to Repayment Schedule Below

Offer Expiration

June 15, 2023

Receivable Schedule

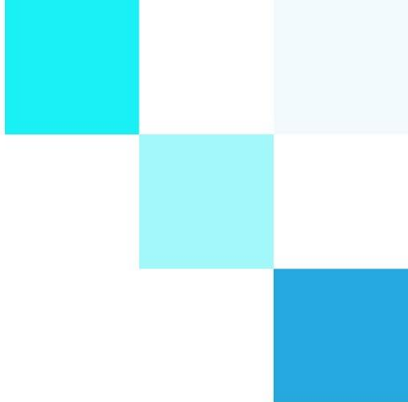
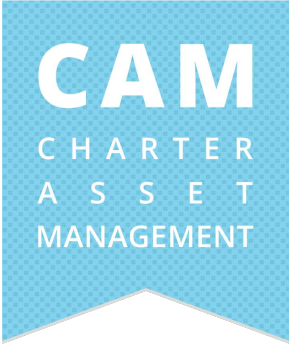
Account Authority / Payor	Account Receivable	Amount Purchased	Admin Fee	Discount %	Discount	Amount Funded
San Bernardino County Superintendent of Schools	FY 23-24 Advance Apportionment Aug PMT - LCFF State Aid. CDS# 36-75051-0138107	\$149,376.35	\$ -	2.99%	\$4,466.35	-\$144,910.00
San Bernardino County Superintendent of Schools	FY 23-24 Advance Apportionment Sep PMT - LCFF State Aid. CDS# 36-75051-0138107	\$300,000.00	\$ -	3.99%	\$11,970.00	-\$288,030.00
San Bernardino County Superintendent of Schools	FY 23-24 Advance Apportionment Oct PMT - LCFF State Aid. CDS# 36-75051-0138107	\$300,000.00	\$ -	4.99%	\$14,970.00	-\$285,030.00
San Bernardino County Superintendent of Schools	FY 23-24 Advance Apportionment Nov PMT - LCFF State Aid. CDS# 36-75051-0138107	\$300,000.00	\$ -	5.99%	\$17,970.00	-\$282,030.00
Total		\$1,049,376.35	\$ -		\$49,376.35	-\$1,000,000.00



Repayment Schedule

Account Receivable	Repayment Date
FY 23-24 Advance Apportionment Aug PMT - LCFF State Aid. CDS# 36-75051-0138107	*September, 2023
FY 23-24 Advance Apportionment Sep PMT - LCFF State Aid. CDS# 36-75051-0138107	*October, 2023
FY 23-24 Advance Apportionment Oct PMT - LCFF State Aid. CDS# 36-75051-0138107	*November, 2023
FY 23-24 Advance Apportionment Nov PMT - LCFF State Aid. CDS# 36-75051-0138107	*December, 2023

*Disbursement timing for federal, state, county, and local state aid can vary. Account receivables sold to CAM are due when disbursed.



Seller

Virtual Prep Academy @ Lucerne

By: _____

Name: Ms. Michelle Romaine

Title: Head of School

Dated: _____

Purchaser

Charter Asset Management Fund, L.P.

By: Charter Asset Management GP, LLC.

Its: General Partner

By: _____

Name: Paul Im

Title: Managing Partner

By: _____

Name: David Park

Title: Managing Partner

Thank you for choosing to fund with Charter Asset Management.

This proposal letter is provided solely for the purpose described herein and may not be disclosed to or relied upon by any other party without the Purchaser's prior written consent. This proposal is intended to form the basis for a discussion of a working capital accommodation, and further negotiations adding to or modifying the general scope of the major terms shall not be precluded by the issuance of this Proposal Letter. This proposal is confidential and proprietary for the sole purpose of discussions between the parties hereunder.

Purchaser reserves the right to issue press releases, advertisements, and other promotional materials describing any successful outcome of services provided on your behalf. The Seller agrees that Purchaser shall have the right to identify the Seller by name in those materials.

Whether or not the transaction contemplated herein is consummated, by your acceptance hereof: (a) you agree to bear all reasonable out-of-pocket expenses of Purchaser and all fees and disbursements of Purchaser's counsel (including the allocated costs of inside counsel) relating to the preparation of this letter and of the proposed financing documentation and to the transaction contemplated hereby and thereby, if applicable, and (b) you agree to indemnify Purchaser, its affiliates, and their respective directors, officers and employees and to defend and hold Purchaser, its affiliates and such other persons harmless from and against all losses, claims, damages, liabilities and expenses (including expenses of litigation or preparation thereof) which Purchaser or any such affiliates or such other persons in connection with or arising out of the matters referred to herein, except for damages resulting from the gross negligence or willful misconduct of the Purchaser.

Proposed Timeline



01

**Factoring
Term Sheet**
-
Today

02

**Proposal &
Agreements
Review**
-
1 month

03

**Agreements
Finalized &
Executed**
-
2 weeks

04

**Due Diligence
& Underwriting**
-
1 - 2 weeks

05

Financial Close
-
Negotiable



CAM

CHARTER
ASSET
MANAGEMENT

Thank You!

Your CAM Support Team

Paul Im - Managing Partner

Jonathan Yeh - Finance Department

General Inquiries:

(213) 335-6275

Email:

client.services@charterassetmanagement.com

VIRTUAL PREPARATORY ACADEMY AT LUCERNE
BOARD RESOLUTION TO OPEN NEW BANK ACCOUNT

WHEREAS, Elite Academic Academy Adult Work Force Investment Charter School is a nonprofit public benefit corporation duly organized and existing under the laws of the State of California ("Corporation"), operating Virtual Preparatory Academy at Lucerne, a California charter school ("School");

WHEREAS, the Corporation requires a new bank account to effectively manage its financial transactions and to facilitate the operation of the School;

WHEREAS, the Board of Directors recognizes the importance of establishing a dedicated bank account for the Corporation's funds;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Corporation hereby approves the opening of a new bank account at a nationally recognized banking institution qualified to handle the business activities and operations of the Corporation (hereinafter referred to as "the Bank");

FURTHER RESOLVED, the Executive Director of Virtual Preparatory Academy at Lucerne is directed to select the banking institution best qualified to serve the needs of the Corporation and the School;

FFURTHER RESOLVED, that the officers of the Corporation are hereby authorized and directed to take all necessary steps to open the new bank account with the Bank on behalf of the Corporation;

FURTHER RESOLVED, that the President, Treasurer, and Executive Director are further authorized to sign all necessary account opening documents, including but not limited to account agreements, signature cards, and any other related paperwork required by the Bank;

FURTHER RESOLVED, that the President and Treasurer, Executive Director or any other authorized officer of the Corporation, are hereby authorized to make deposits, withdrawals, and conduct any other necessary financial transactions on behalf of the Corporation with the new bank account;

FURTHER RESOLVED, that the Corporation's existing bank account(s), if any, shall remain open until all pending financial matters are duly resolved, and either bank account may be used for the operations of the Corporation or the School, at the determination of the Executive Director;

FURTHER RESOLVED, that any two authorized officers of the Corporation are authorized to execute any additional documents or agreements required by the Bank in connection with the new bank account;

FURTHER RESOLVED, that the officers of the Corporation are authorized to take any further actions and execute any additional documents necessary to implement the intent of this resolution.

CERTIFICATION:

I hereby certify that the foregoing resolution was duly adopted by the Board of Directors of Elite Academic Academy Adult Work Force Investment Charter School at a meeting held on June __, 2023, and that it remains in full force and effect as of the date hereof.

Name: _____

Title: _____