IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
Charter School Capital, Inc.,[1]	:	Case No. 25-11016 (___)
Debtor.	:	

DECLARATION OF STUART ELLIS
IN SUPPORT OF CHARTER SCHOOL CAPITAL,
INC.'S CHAPTER 11 PETITION AND FIRST DAY MOTIONS

I, Stuart Ellis, the Chief Executive Officer of Charter School Capital, Inc. ("CSC" or the "Debtor") hereby declare under penalty of perjury:

1. I am the Chief Executive Officer of CSC. I am a graduate of University of California, Berkeley.

2. Prior to founding CSC, my career progression includes experiences in a number of leadership positions over the years. Early on I spent approximately six years at strategy consulting firm, Bain & Company, departing as a Manager in the Private Equity Group and operating out of the San Francisco and Los Angeles offices. I also spent approximately six years at Opera Solutions, consulting for many of the largest financial institutions in the United States and Europe, while serving as a Principal and Managing Director. I have served as CEO or President of companies in a variety of industries including The Upper Deck Company (trading card and sports memorabilia), National Mobile Television (mobile broadcasting), and Jax Incorporated (optical thin-film coatings). In addition to my roles in for-profit organizations, I have supported

[1] The Debtor's mailing address is 9450 SW Gemini Dr, PMB 559064, Beaverton, OR 97008-7105, and the last four digits of the Debtor's federal tax identification number are 4278.

communities in various capacities in the education space, serving over many years as a founding board member of KairosPDX, an education non-profit focused on improving Portland, Oregon's educational achievement gap. Since 2009, I have served as a member of the Board of Trustees and Audit Committee, and as an Officer of Catlin Gabel School, a progressive independent school where teachers build transforming relationships with each student, honoring each child's innate capacities, encouraging exploration, welcoming questions, and presenting new intellectual and creative challenges to its young scientists, story tellers, artists, and athletes. I co-founded Wonderful Foundations, a non-profit whose mission is to create incredible foundations for learning that can uplift kids' lives. In 2006, I founded CSC as a platform to help school leaders get where they're going by providing the money, resources, and know-how to create thriving schools, with the mission that every kid has a nurturing school environment where they can flourish.

3. On the date hereof (the "Petition Date"), CSC filed a voluntary petition in this Court for relief under chapter 11 of the Bankruptcy Code (the "Chapter 11 Case"). CSC continues to manage and operate its business as debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. To minimize any disruption or other adverse effect resulting from the filing of the Chapter 11 Case, CSC is filing contemporaneously herewith various motions and pleadings seeking certain "first day" relief (collectively, the "First Day Motions").[2] I submit this declaration (this "Declaration") to assist the Court and parties- in-interest in understanding CSC, its business, and the circumstances leading to this Chapter 11 Case.

4. Except as otherwise indicated herein, the statements in this Declaration are based on (i) my personal knowledge of, and familiarity with, CSC's operations, finances and

[2] In connection with the filing of its chapter 11 petition, CSC filed certain First Day Motions requesting relief that the Debtor believes is necessary to enable it to administer its estate with minimal disruption and loss of value during this Chapter 11 Case.

restructuring and sale efforts; (ii) my review of relevant documents and information provided to me by employees of or advisors to CSC or their professionals; (iii) my opinion based on my experience and knowledge of CSC's operations and financial and business affairs, including my general knowledge of the industry in which CSC operates; (iv) information that I have received from CSC's employees or advisors; or (v) CSC's records maintained in the ordinary course of business. I have obtained this information during my tenure working with CSC and its professionals, including CSC's corporate and restructuring counsel, financial advisor, and sales agent. In making this Declaration, I have also relied on information and materials that CSC's personnel and advisors have gathered, prepared, verified and provided to me, in each case under my ultimate supervision, at my direction and/or for my benefit in preparing this Declaration.

5. I am not being compensated specifically for this testimony other than through payments received by CSC as an employee. If I were called upon to testify, I could and would testify competently to the facts set forth herein. I am over the age of 18 years and authorized to submit this Declaration on behalf of CSC.

6. To better familiarize the Court with CSC and its business, this Declaration is organized into two sections as follows:

Part I provides background information regarding CSC, its business, and capital structure; and

Part II provides the circumstances leading to this Chapter 11 Case.

INTRODUCTION

7. Founded in 2006, CSC's vision is to ensure that all children have access to a nurturing school environment where they can flourish. To that end, CSC supports the charter school industry by providing development, financing, and services to charter school leaders

throughout the United States. Over the course of its 19-year history, CSC has provided financing to approximately 1,000 of the approximately 8,000 charter schools in the United States, supporting more than 2 million kids' education, and deploying over $3 billion in capital. Over the years, CSC's efforts have been supported by financial advice and investment capital from some of the largest global financial institutions including Bank of America, Citibank, Wells Fargo, Vanguard, BlackRock, Goldman Sachs Securities, along with regional banks across the country, and other significant institutions supporting public school finance across the country.

8. One of CSC's primary business lines, Money To Buy Your School, pioneered a structure for charter schools to find, and ultimately own, their forever home. This business is projected to generate over $600 million in community impact beyond the direct capital invested to dozens of charter schools throughout the country and is committed to building communities and ensuring long term sustainability. By purchasing and developing properties, which are ultimately sold to non-profit organizations with access to the tax-exempt municipal bond market, the program allows for the reversion of a mortgage free property to the schools at the maturity of the bonds financing the underlying acquisition. In other words, the long-term leases between the charter school and the ultimate buyer are a way for the charter schools to generate indirect equity, and results in the ultimate, unencumbered ownership by the schools of their properties.

9. As discussed in more detail below, in light of challenging micro and macro-economic issues outside of CSC's control, CSC has faced liquidity issues for at least two years. In addition, recent litigation with a preferred shareholder has resulted in increased costs and caused severe disruption of operations. CSC filed this case to implement an orderly sale process to maximize value for all of its stakeholders.

CORPORATE BACKGROUND

A. Corporate Structure

10. CSC is a privately owned corporation organized under the laws of Delaware, with corporate headquarters in Portland, Oregon. CSC holds direct and indirect ownership interests in over twenty subsidiaries, as reflected in the corporate structure chart annexed hereto as **Exhibit 1**.

11. CSC has three wholly owned direct subsidiaries: Public Charter School Receivables Company, LLC ("PCSRC"), Charter School Realty Management, LLC ("CSRM"), and Charter School Capital UN, Ltd.

12. In addition, CSC directly owns 78.8% of Charter School Realty Company LLC ("CSRC").[3] CSRC wholly owns CSRC Charter Lisa, LLC ("Lisa"). Lisa owns real property in Little Rock, Arkansas where the LISA Academy Online School is located.

13. CSC also owns 78.8% of Charter School Real Estate Company, LLC ("CSREC").[4] CSREC, in turn, wholly owns the following subsidiaries: Charter School Real Estate Holdings, LLC ("CSREH") and Charter School Real Estate Investment Management, LLC ("CSRIM"). CSREH has 100% direct and indirect interests in eight (8) limited liability companies that own seven (7) of the facilities and properties where charter schools operate ((the "CSREH Properties") and together with Lisa, the "School Properties").

B. Business Operations

14. CSC operates three primary lines of business: (i) Money To Buy Your School; (ii) Money To Run Your School; and (iii) Kids To Fill Your School.

15. ***Money To Buy Your School.*** Through this line of business, CSC helps charter schools source, develop, build out and finance their forever home. CSC acquires various properties

[3] Ellis Holdings, LLC and Coburn Investment Management, LLC each own 10.6% of CSRC.
[4] Stuart Ellis and Coburn Investment Management, LLC each own 10.6% of CSREC.

through its non-debtor subsidiary Special Purpose Entities ("SPEs") via debt and equity financing, the school enters into a long-term lease with the SPE, and CSC's non-debtor subsidiaries provide asset and relationship management services to the owners of school real estate. Through its SPEs, CSC currently owns and manages eight properties throughout the United States. CSC then typically exits the property investments through sales to non-profit organizations financed via the issuance of municipal bonds, followed by—in some instances—ongoing agreements to provide real estate management services to the purchaser.

16. From 2014 through 2019, CSC partnered with a private equity sponsor at American Education Properties ("AEP") to acquire and improve charter school net-leased real estate assets, building a portfolio of over forty-two (42) assets. In or around July 2020, CSC participated in a transaction whereby AEP exited a group of thirteen (13) properties via a sale to WFCS Holdings, LLC ("Wonderful 1"). In connection with that transaction, Wonderful 1 engaged non-debtor CSRC to provide real estate asset management services to the properties acquired in that transaction. Through services agreements, CSC's employees provide asset and relationship management services to CSRC to enable CSRC to manage the Wonderful 1 properties.

17. In or around June 2021, CSC participated in a transaction whereby AEP exited six (6) properties and CSC exited two (2) properties via a sale to WFCS Holdings II, LLC ("Wonderful 2"). Wonderful 2 engaged non-debtor CSRIM WFII Asset Management, LLC ("CWAM") to provide management services to the properties acquired in that transaction. CWAM engaged CSC through a services agreement to provide employees who carry out the management services to the Wonderful 2 properties.

18. ***Money To Run Your School.*** This line of business is operated through non-debtor PCSRC and provides receivables financing to charter schools.

19. PCSRC finances the purchase of the receivables through secured financing provided by Bank of America, N.A. ("Bank of America") pursuant to a Note Purchase Agreement[5] and an Indenture[6] in which U.S. Bank, National Association ("US Bank") serves as Indenture Trustee. PCSRC earns a profit on the spread between the purchase price paid for the receivables and amounts collected, net of financing costs (the "Receivables Cycle").

20. The Debtor serves as the servicer of the receivable pursuant to a Sale and Servicing Agreement.[7] Pursuant to the Sale and Servicing Agreement, the Debtor, in the normal course of the Receivables Cycle, acquires a receivable from a School[8] pursuant to an individualized receivables purchase agreements directly between the Debtor and each of the Schools. The receivables are purchased from a School at a negotiated discount. The Debtor sells the receivables to PCSRC via a bill of sale, PCSRC transfers funds to the Debtor, and the Debtor uses those funds to acquire the receivables from the Schools.[9] In connection with the Receivables Cycle, the Debtor also earns certain fees, including servicing fees.

21. The receivables consist of the right to payment of a School by a specified State or local governmental entity (the "Obligors") of a certain amount of money relating to or based on

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[5] The Debtor is a party to a Note Purchase Agreement by and among Bank of America as investor, the Debtor, as servicer and as a seller, Charter School Funding Company, LLC, as a Seller, and PCSRC, as issuer, dated as of July 9, 2021, as amended and further supplemented or otherwise modified and in effect from time to time (the "Note Purchase Agreement").

[6] Indenture Supplement (the "Indenture Supplement"), dated as of July 9, 2021, by and among PCSRC, the Debtor (as servicer), and US Bank, as Indenture Trustee (the "Indenture Trustee").

[7] The certain Amended and Restated Sale and Servicing Agreement, dated as of July 9, 2021 by and among PCSRC, LLC, as purchaser, the Debtor, as Seller and Servicer, Charter School Funding Company, LLC, as seller, and U.S Bank National Association as indenture trustee (the "Sale and Servicing Agreement").

[8] As defined in the Sale and Servicing Agreement, ("School") shall mean each school that executes a receivables purchase agreement with the Seller relating to receivables.

[9] A description of the relevant bank accounts utilized in the Receivables Cycle is provided for in the *Debtor's Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Continue to Operate Its Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Continue to Perform Its Intercompany Transactions, and (D) Maintain Existing Business Forms; (II) Authorizing the Debtor's Banks to Honor All Related Payment Requests; and (III) Granting Related Relief*, filed contemporaneously herewith.

attendance at or services provided in connection with the School. Each receivable consists of a single right to payment at an expected future date and does not bear interest. This results in upfront capital being provided to the School, rather than a School having to wait until the payments are scheduled for receipt to access such capital.

22. To ensure collection of the Obligor's payment that would be directed to the School, a paying agent agreement is entered into by and among the Debtor, the third-party paying agent (the "Paying Agent"), and the applicable School. A control agreement may also be put in place in favor of the Paying Agent against the School's bank account that is maintained with US Bank.

23. Each Obligor is notified and an intercept is put in place resulting in the payment of the receivable by the Obligor being directed either directly to the Paying Agent or to an account controlled by the Paying Agent.

24. Upon receipt of the Obligor's payment, the Paying Agent transfers the funds back to non-Debtor PCSRC pursuant to Paying Agent instructions provided by the Debtor. PCSRC then pays down amounts owed under the Note Purchase Agreement. To the extent that an excess amount is available after the required paydown of the Note Purchase Agreement, such excess may be transferred from PCSRC up to the Debtor's operating account as a distribution of profit. Separately, the Debtor may also earn a monthly "servicing fee," as calculated in the Sale and Servicing Agreement for its part in facilitating the transactions.

25. CSC is currently financing 15-20 charter schools through the Money To Run Your School business line.

26. Prior to the COVID-19 pandemic, the Money To Run Your School business line financed, at its peak, approximately $300 million in receivables per year. However, in connection with the Covid-19 related pandemic relief, governmental agencies provided substantial monetary

relief to public educational institutions—including charter schools — the primary population served by Money To Run has had a substantial decrease in the need for ongoing receivables financing. The COVID-related funding programs, in particular the Elementary and Secondary School Emergency Relief Fund (ESSER), have since concluded, but schools generally remain in relatively strong financial condition with limited need for additional funding. In calendar year 2024, Money To Run Your School financed approximately $32.6 million in receivables.

27. ***Kids To Fill Your School.*** Through this line of business, CSC provides enrollment marketing, website support, social media strategy, marketing collateral and other services to charter schools, aimed at increasing and maintaining enrollment in school programs. CSC is currently serving thirty-six (36) schools under the Kids To Fill Your School business line.

C. <u>Pre-Petition Capital Structure</u>

i. Funded Indebtedness

28. The Debtor has no secured or unsecured funded indebtedness but has guaranteed certain obligations of an indirect non-debtor subsidiary. Specifically, pursuant to that certain Guaranty Agreement, by and between Building Hope Finance, as lender and the Debtor, as guarantor, the Debtor has guaranteed the obligations of GS 50 2nd Street, LLC ("<u>GS 50</u>"), an indirect subsidiary of the Debtor that is controlled by CSREH, under that certain Loan Agreement, by and between Building Hope Finance, as lender, and GS 50, as borrower, dated Nov. 21, 2024, in the principal amount not to exceed $8,500,000 (the "<u>GS 50 Loan Agreement</u>").

29. Certain of the non-Debtor subsidiaries have funded indebtedness primarily secured by (i) real property and (ii) the assignments of rents.

ii. Unsecured Trade, Lease and Litigation Claims

30. The Debtor estimates that as of the Petition Date, it has approximately $700,000 in unpaid unsecured trade, lease related obligations, and other ordinary course obligations, plus an unsecured claim to an insider of approximately $3 million on account of the Arbitration Award (defined below).

31. As of the Petition Date, the Debtor has approximately $1.29 million in available cash on hand to service ongoing obligations during the pendency of this chapter 11 case.

iii. Equity Interests

32. The Debtor is a privately held company that has issued a combination of Common A Shares, Common B Shares, and preferred shares.

33. Stuart Ellis, the Debtor's co-founder and Chief Executive Officer, holds the majority of the voting shares under the organizational documents through his holdings of Common A Shares.

34. On a fully diluted basis, as of the Petition Date, Orthogon[10] holds 52.10% of the total equity, Stuart Ellis owns 16.79%, and Bradley Coburn (either directly or through certain vehicles) owns 14.57%.

35. There are no other significant shareholders.

36. The full breakdown of holdings by share class is provided for in the corporate ownership statement attached to the petition.

iv. Intercompany Loans

37. The Debtor has lent money to certain of its subsidiaries via a series of intercompany notes. Specifically, it loaned non-debtor subsidiary CSRC an aggregate amount of $1.25 million

[10] Orthogon Charter Special Opportunities, LLP, Orthogon Charter Special Opportunities II, LP, and Orthogon Charter Special Opportunities III, LLC (collectively "Orthogon")

under that certain Intercompany Note between CSC and CSRC, dated as of Sept. 18, 2018 (as further extended on September 5, 2023) (the "CSRC Intercompany Note"). As of the Petition Date, there is approximately $1.24 million of principal outstanding under the CSRC Intercompany Note in favor of CSC. CSC is also lender to non-debtor subsidiary CSREC under eight (8) promissory notes (the "CSREC Intercompany Notes"). As of the Petition Date, there is approximately $16.95 million of principal outstanding under the CSREC Intercompany Notes in favor of CSC.

38. The Debtor is not an obligor on any intercompany loans to any of its non-debtor subsidiaries.

EVENTS LEADING UP TO THE CHAPTER 11 CASE

A. Liquidity Issues, Capital Raising Efforts, And Subsequent Litigation

39. The combined effects of the reduction in activity in the CSC's Money To Run Your School business, the company's unsuccessful attempts to find a new capital partner to replace AEP, a significant increase in interest rates and real estate carrying costs, and related disruptions to the municipal bond market that the company needed to access to exit property investments, have resulted in increasing financial stress on CSC. Since at least 2022, CSC and its subsidiaries have experienced significant liquidity issues. Since then, CSC has undertaken a number of actions to reduce costs while maintaining operations, and preserving the School Properties for eventual monetization, including reducing its workforce headcount by approximately 40% since 2022.

40. CSC also unsuccessfully sought equity capital and other financing since 2022 through the present. Throughout 2023-24 CSC also engaged in multiple rounds of discussions with real estate lenders seeking higher advance rates for the SPE's real property acquisitions—but those discussions did not lead to transactions to refinance a sufficient share of the School Properties

portfolio. While certain properties were refinanced, the refinancing was not enough to solve for CSC's liquidity challenges.

41. Since 2022 through the present, CSC has also engaged in efforts to sell the properties in CSC's portfolio in order to generate liquidity. In connection with that process, CSC has worked with reputable real estate brokerage firms Colliers and CBRE. CSC also worked with well-known investment bankers, including, Raymond James, Morgan Stanley, and AON, to assist with marketing the properties to potential interested buyers and raising additional outside equity financing. These efforts also targeted key strategic partners who have access to: (i) municipal bond financings through large financial institutions; and (ii) global investment funds.

42. Notwithstanding CSC's liquidity constraints, there has been interest by third parties acquiring some or all of CSC. There have also been active discussions with a number of interested parties regarding a going concern sale transaction and stalking horse bids.

43. In or around March and June of 2023, existing preferred shareholder Orthogon agreed to purchase $11.6 million of preferred equity securities of CSC. In connection with its investment, CSC provided Orthogon with certain financial diligence. In August of 2023, certain errors were identified in that financial diligence and Orthogon demanded the return of its investment. However, because CSC deployed that investment to acquire real estate, it was not feasible to quickly liquidate the acquired real estate or reverse the real estate acquisitions in order to redeem Orthogon's recently acquired preferred equity. A dispute ensued.

44. In or around June 2024, CSC and Orthogon began discussions around a settlement framework to resolve their dispute, and drafted a document called the "CSC Preferred Stock Framework" (the "<u>Framework</u>"). The Framework contemplated that Orthogon would toll its claims against CSC and, in exchange, would have certain rights with respect to asset monetization

transactions and the use of proceeds thereof. The final documentation contemplated by the CSC Preferred Stock Framework was never executed.

45. In November 2024, CSC closed on a transaction for the sale of two School Properties, entered into an asset purchase agreement for a third property, and refinanced one School Property (the "November Transaction"). The November Transaction was funded in part by cash generated by the refinancing of one of CSC's properties. While Orthogon had expressed its support for the November Transaction between June and October 2024, Orthogon Board representative Dr. Rishi Ganti later reversed his position, voting against and seeking to block the November transaction at the Board Meeting where final approval of the November Transaction was considered. The Board approved the November Transaction, which closed on November 14, 2024.

46. Orthogon challenged the November Transaction as a breach of the CSC Preferred Stock Framework and filed an arbitration demand on December 20, 2024 in the American Arbitration Association. CSC responded and filed counterclaims. Hearings were held in the Arbitration in April 2025.

47. On May 22, 2025, the arbitrator issued an award in favor of Orthogon in the amount of $2,840,666.97 and fees and costs in the amount of $213,975 for attorney fees and $7,234.49 for costs, in addition to pre-judgment and post-judgment interest (the "Arbitration Award"). On May 29, 2025 Orthogon filed a petition to confirm the Arbitration Award in New York State Court with a return date of June 5, 2025. On June 3, 2025, the New York State Court denied the petition without prejudice due to a procedural infirmity and required that it be re-filed with a memorandum of law. Orthogon re-filed its petition to confirm the Arbitration Award on June 4, 2025, and a return date of June 12, 2025.

48. Confirmation of the Arbitration Award and enforcement of any judgment obtained by Orthogon poses an immediate threat to the operations of CSC and its non-debtor affiliates, CSC's ability to continue as a going concern, and CSC's ability to consummate a value-maximizing transaction through an orderly process. To that end, the parties with whom the Debtor has been engaged in sale discussions have expressed reluctance to move forward with a sale with the overhang of the Arbitration Award.

B. Appointment Of Restructuring Committee

49. In light of the Orthogon Dispute and the potential transactions being considered, in mid-April 2025, the Board considered the appointment of independent directors to assess and explore the Debtor's strategic alternatives.

50. At that time, the Board was composed of three members: (i) myself (with four votes); (ii) Bradley C. Coburn with one vote; and (ii) Rishi Ganti, appointed by Orthogon, with one vote. An additional board seat subject to appointment at my election was vacant.

51. On or around May 15, 2025, in accordance with the Debtor's governing documents, Mr. Coburn resigned from the Board, and Edward Weisfelner and Craig Jalbert were appointed as directors of the Board.

52. Mr. Weisfelner is a Senior Managing Director at the Algon Group, a firm that specializes in financial advisory work. Mr. Weisfelner brings more than 30 years of experience leading several of the nation's largest restructurings. In addition, he has served as a court-appointed trustee, mediator and examiner. Prior to joining the Algon Group, Mr. Weisfelner was the Global Chair of the Bankruptcy and Restructuring Practice Group at Brown Rudnick LLP. Among the many well-known restructuring cases in which he had a leading role were The Commonwealth of Puerto Rico, General Motors, AMR (American Airlines), Trump Taj Mahal,

Global Crossing, Pacific Exploration and Development, Ultra Petroleum, Energy Future Holdings, Dewey & LeBoeuf LLP, Mirant, and Marvel Entertainment Group.

53. Mr. Jalbert is a principal of the accounting firm of Verdolino & Lowey, P.C. For over thirty years, Mr. Jalbert has focused his practice on distressed businesses and has served, and continues to serve, in the capacities of officer and director for thousands of distressed public and private companies, both in and out of chapter 11. Mr. Jalbert's practice includes providing distressed companies with business advisory, tax planning, accounting, and other bankruptcy related services.

54. On May 20, 2025, the Board appointed Messrs. Weisfelner and Jalbert to the Restructuring Committee to evaluate restructuring proposals and granted the Restructuring Committee the authority and duties as the Board may deem advisable from time to time. Since this time, the Restructuring Committee has analyzed the various issues the Debtor is facing and considered a variety of strategic alternatives.

55. On May 30, 2025, the Board approved the delegation to the Restructuring Committee of full authority to review, consider and approve strategic alternatives for the Debtor, including, but not limited to, the authority to approve the commencement of a chapter 11 case.

C. Potential Acquiror Term Sheet And Chapter 11 Sale Process

56. In April 2025, as a result of Debtor's efforts, the Debtor received a proposal from a potential strategic acquirer for 100% of the stock and all related securities of the Debtor (the "Potential Acquiror"). The proposal would provide meaningful value to the CSC enterprise, including to Orthogon. In late May, following additional diligence, the Potential Acquiror provided a revised proposal that contemplated a section 363 bankruptcy sale. As of the Petition

Date, the Debtor is in discussions with the Potential Acquiror to serve as a stalking horse purchaser in this chapter 11 case.

57. On June 3, 2025, CSC engaged Rock Creek Advisors, LLC ("Rock Creek") to lead the sale process and provide financial advisory support during this Chapter 11 Case. Rock Creek is well-equipped to run the expedited, but robust, sale process demanded by the Debtor's liquidity position.

FIRST DAY MOTIONS

58. In my capacity as Chief Executive Officer, I believe that the relief requested in the First Day Motions is necessary and essential to ensuring the Debtor's immediate needs are met, and that the Debtor (and other constituencies) will not suffer any immediate and irreparable harm as a result of the commencement of this Chapter 11 Case. My opinion as to the necessity of the First Day Motions is based upon my firsthand experience as Chief Executive Officer and my review of various materials and information provided to me by the Debtor's other members of senior management and the Debtor's advisors, as well as discussions had in connection therewith. In considering the necessary first-day relief, the Debtor's other members of senior management, the Debtor's advisors, and I were cognizant of the level of cash on hand and, in light of these limitations, narrowed the relief requested at the outset of the Chapter 11 Case to only those matters that require urgent relief to preserve value during the pendency of this case.

59. I have reviewed each of the First Day Motions (including the exhibits and schedules thereto) and am familiar with the content and substance contained therein. The facts set forth in each First Day Motion are true and correct to the best of my knowledge and belief with appropriate reliance on other officers and advisors and I can attest to such facts.

60. For a more detailed description of the First Day Motions, I respectfully refer the Court to the respective First Day Motion. The facts set forth in each of the First Day Motions, listed below, are incorporated herein in their entirety. To the extent that this Declaration and the provisions of any of the First Day Motions are inconsistent, the terms of the First Day Motions shall control.

61. The First Day Motions request authority to, among other things, (i) honor workforce-related compensation and benefits obligations, (ii) continue the Debtor's cash management system and other operations, and (iii) honor the Debtor's insurance related obligations.

62. The Debtor has tailored its requests for immediate relief to those circumstances when the failure to receive such relief would cause immediate and irreparable harm to the Debtor and its estate. I believe an orderly transition into chapter 11 is critical to the viability of the Debtor's operations and that any delay in granting the relief described below could hinder the Debtor's operations and cause irreparable harm. Other requests for relief will be deferred for consideration at a later hearing.

[*Signature Page Follows*]

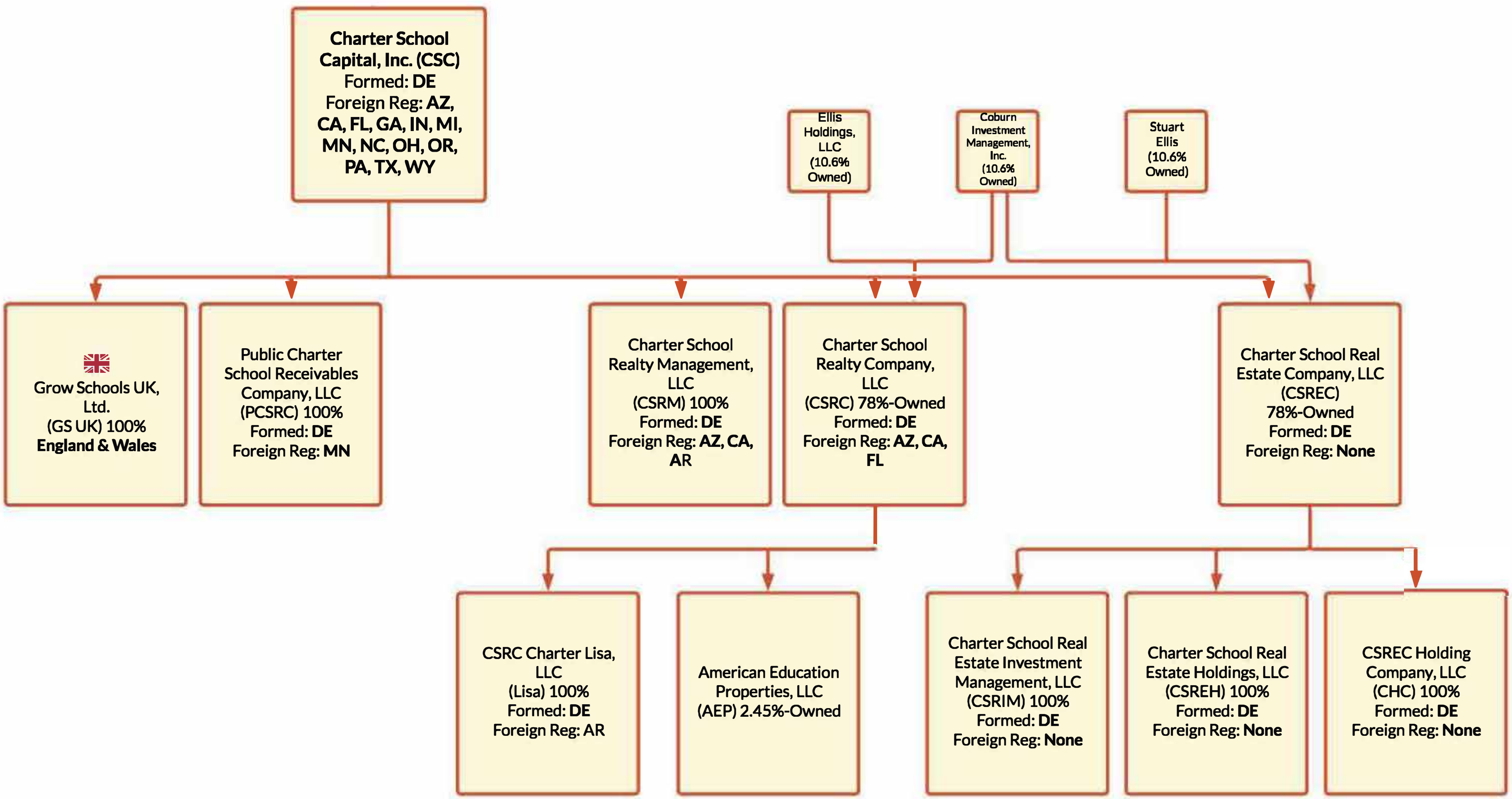
Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true correct.

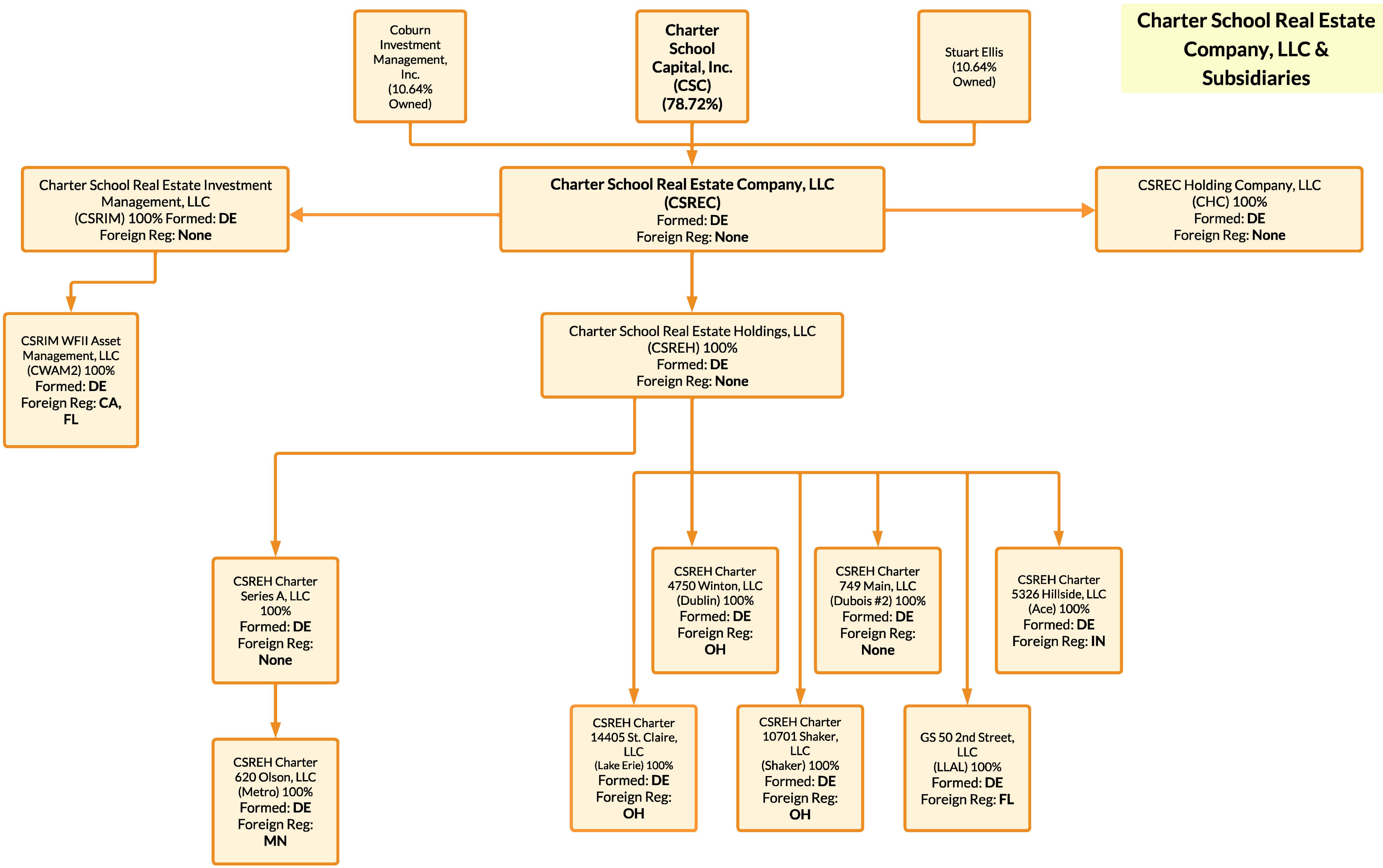
Dated: June 8, 2025

By: *<u>/s/ Stuart Ellis</u>*
Name: Stuart Ellis
Title: Chief Executive Officer

EXHIBIT 1

Charter School Capital, Inc. & Subsidiaries




Charter School Real Estate Company, LLC & Subsidiaries
Coburn Investment Management, Inc. (10.64% Owned)
Charter School Capital, Inc. (CSC) (78.72%)
Stuart Ellis (10.64% Owned)
Charter School Real Estate Investment Management, LLC (CSRIM) 100% Formed: DE Foreign Reg: None
Charter School Real Estate Company, LLC (CSREC) Formed: DE Foreign Reg: None
CSREC Holding Company, LLC (CHC) 100% Formed: DE Foreign Reg: None
CSRIM WFII Asset Management, LLC (CWAM2) 100% Formed: DE Foreign Reg: CA, FL
Charter School Real Estate Holdings, LLC (CSREH) 100% Formed: DE Foreign Reg: None
CSREH Charter Series A, LLC 100% Formed: DE Foreign Reg: None
CSREH Charter 4750 Winton, LLC (Dublin) 100% Formed: DE Foreign Reg: OH
CSREH Charter 749 Main, LLC (Dubois #2) 100% Formed: DE Foreign Reg: None
CSREH Charter 5326 Hillside, LLC (Ace) 100% Formed: DE Foreign Reg: IN
CSREH Charter 620 Olson, LLC (Metro) 100% Formed: DE Foreign Reg: MN
CSREH Charter 14405 St. Claire, LLC (Lake Erie) 100% Formed: DE Foreign Reg: OH
CSREH Charter 10701 Shaker, LLC (Shaker) 100% Formed: DE Foreign Reg: OH
GS 50 2nd Street, LLC (LLAL) 100% Formed: DE Foreign Reg: FL