

**ROCKWELL CHARTER HIGH SCHOOL
NOTICE OF DEFAULT
FAILURE TO ACHIEVE DEBT SERVICE COVERAGE REQUIREMENT
AND
NOTICE OF LATE FILING**

\$11,700,000	\$1,540,000
UTAH CHARTER SCHOOL FINANCE AUTHORITY TAX-EXEMPT SENIOR CHARTER SCHOOL REVENUE REFUNDING BONDS (ROCKWELL CHARTER HIGH SCHOOL), SERIES 2017A	UTAH CHARTER SCHOOL FINANCE AUTHORITY TAX-EXEMPT SUBORDINATE CHARTER SCHOOL REVENUE REFUNDING BONDS (ROCKWELL CHARTER HIGH SCHOOL), SERIES 2017B

\$1,540,000
UTAH CHARTER SCHOOL FINANCE AUTHORITY
TAX-EXEMPT SUBORDINATE CHARTER SCHOOL
REVENUE REFUNDING BONDS
(ROCKWELL CHARTER HIGH SCHOOL),
SERIES 2017C

CUSIP NUMBERS:

91754T UY7	91754T VC4
91754T UZ4	91754T VD2
91754T VA8	91754T VE0
91754T VB6	91754T VF7

On October 12, 2017, the Utah Charter School Finance Authority (the “*Issuer*”) issued its Tax-Exempt Senior Charter School Revenue Refunding Bonds (Rockwell Charter High School), Series 2017A, in the aggregate principal amount of \$11,700,000, its Tax-Exempt Subordinate Charter School Revenue Refunding Bonds (Rockwell Charter High School), Series 2017B, in the aggregate principal amount of \$1,540,000, and Taxable Subordinate Charter School Revenue Refunding Bonds (Rockwell Charter High School), Series 2017C, in the aggregate principal amount of \$1,540,000 (collectively, the “*Series 2017 Bonds*”) pursuant to an Indenture of Trust, dated as of October 1, 2017 (the “*Indenture*”), between the Issuer and U.S. Bank National Association, as trustee (the “*Trustee*”). The Issuer loaned the proceeds of the Series 2017 Bonds to Rockwell Charter High School, a Utah nonprofit corporation being operated as a public charter school of the State of Utah (the “*Charter School*”), pursuant to a Loan Agreement, dated as of October 1, 2017 (the “*Loan Agreement*”), between the Issuer and the Charter School. Capitalized terms not defined herein shall have the meanings ascribed thereto in the Indenture or the Loan Agreement.

In connection with the issuance of the Series 2017 Bonds, the Charter School entered into a Continuing Disclosure Undertaking, dated as of October 1, 2017 (the “*Prior Disclosure Agreement*”), to assist the underwriter of the Series 2017 Bonds in complying with SEC Rule 15c2-

12(b)(5) (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended or supplemented by the SEC from time to time.

DEFAULT – DEBT SERVICE COVERAGE REQUIREMENT

The Charter School’s Net Income Available for Debt Service for the Fiscal Year ended June 30, 2023, was 81%. Failure to maintain Net Income Available for Debt Service equal to at least 100% of Debt Service constitutes an Event of Default under the Loan Agreement. *The Charter School has not failed to make a payment of principal of or interest on the Series 2017 Bonds when due.*

As required by the Loan Agreement, the Charter School engaged the services of Impetus Education as a Management Consultant to obtain recommendations as to revisions of the Charter School’s budget necessary to provide for Net Income Available for Debt Service sufficient to satisfy the Debt Service Coverage Requirement.

REASONS FOR DEFAULT

The failure to maintain Net Income Available for Debt Service equal to at least 100% of Debt Service for the Fiscal Year ended June 30, 2023, was due to the following:

In the Fiscal Year ended June 30, 2023, the Charter School received \$614,169 as part of the Earned Employee Retention Program (the “ERC”). The Charter School included the ERC money as revenue in its budget for Fiscal Year 2023. During the audit of the Charter School’s financials for Fiscal Year 2023 the Charter School received a letter from the Internal Revenue Service (the “IRS”) that the Charter School needed to repay the ERC money to the United States Treasury. Therefore, the Charter School could not include the ERC money as revenue for Fiscal Year 2023. Since then, the Charter School appealed and won the appeal and does not need to repay the ERC money. With the ERC money the Net Income Available for Debt Service for Fiscal Year 2023 would have been 107%. The Charter School *expects* that Net Income Available for Debt Service for the Fiscal Year *ending June 30, 2024, will be approximately 112%.*

LATE FILING

The Charter School failed to timely file this Notice of Default under the Prior Disclosure Agreement.

MATERIALITY

The Charter School takes no position as to the materiality of the foregoing.

Dated: March 4, 2024