

MEMORANDUM

Date: February 25, 2021

Staff Summary No. 5

To: Members, California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Re: Resolution 21-03 - Authorizing the Issuance of one or more series of State Aid Intercept Notes in an amount not to exceed \$1,175,000,000 to Finance Working Capital for certain California School Districts, Community College Districts, and County Offices of Education listed in Attachment A (Action Item)

I. Background

In order to offset the fiscal impact of COVID-19, the State’s 2020-21 Adopted Budget deferred \$12.9 billion in aid to Local Education Agencies (LEAs) expected to be paid in 2020-21 to 2021-22. In response, the State Aid Intercept Notes (the Notes or CSFA Notes) Program was created to provide school and community college districts and county offices of education with a streamlined, secure, and simple process that minimizes the impact of the deferrals on their operations by creating a new program to advance fund the deferrals scheduled to begin in February 2021.

The State’s Education Omnibus Budget Trailer Bill -- SB 98 (Chapter 24, Statutes of 2020) provides the statutory changes necessary to enact the LEA statutory provisions of the Budget Act of 2020. Specifically, 14041.6 (h)(i)(1) (A-D) specifies that warrants for the principal apportionments specified in the Deferral Month in the table below shall instead be drawn in the Deferral Amounts and paid in the Deferral Payment Months shown in the table below. The following table shows Deferrals for K-12 School Districts, for illustrative purposes.

Deferral Month	Deferral Amount	Deferral Payment Month
February 2021 (P-1)	\$1,540,303,000	Nov-21
March 2021 (P-1)	\$2,375,308,000	Oct-21
April 2021 (P-1)	\$2,375,308,000	Sep-21
May 2021 (P-1)	\$2,375,308,000	Aug-21
June 2021 (P-2)	\$4,230,000,000 ¹	Jul-21

¹ Estimate based on prior year

Following is the deferral schedule for Community College Districts (CCD's):

Deferral Month	Deferral Amount	Deferral Payment Month
February 2021	\$253,243,000	Nov-21
March 2021	\$300,000,000	Oct-21
April 2021	\$300,000,000	Sep-21
May 2021	\$300,000,000	Aug-21
June 2021	\$300,000,000 ²	Jul-21

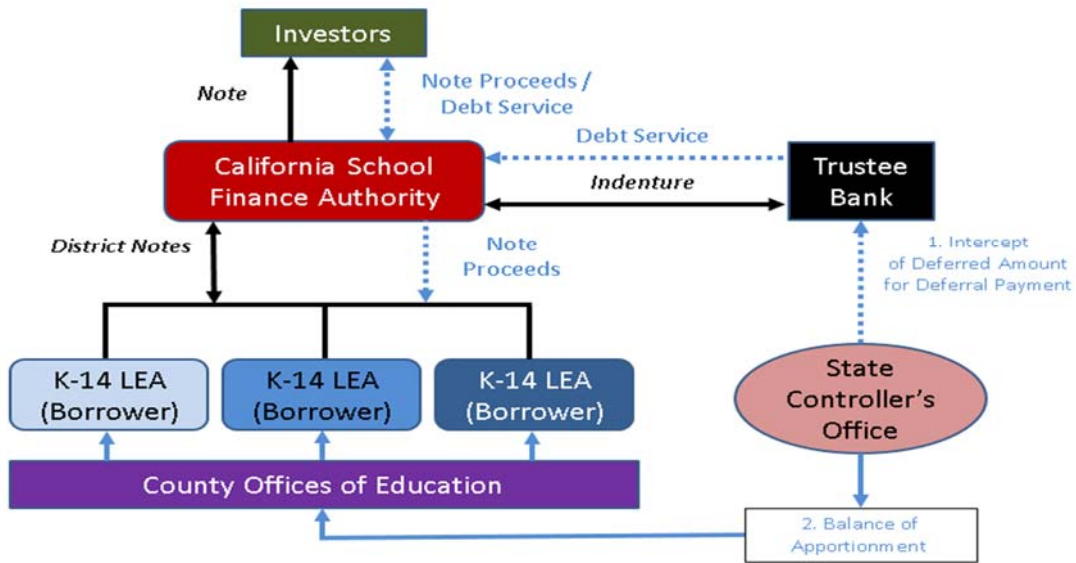
The California School Finance Authority (Authority) will issue the Notes that will provide school and community college districts and county offices of education (collective referred to as LEA's) with a cost-effective way to preserve operations by issuing cross-fiscal year notes repaid from the direct remittance to the Note trustee of state apportionments that have been intercepted (the Deferral Amounts) in the amounts specified in the intercept notices.

II. Plan of Finance and Financial Structure

The financing structure will make use of the power granted to LEA's under State law to issue tax and revenue anticipation notes (TRANS) in order to finance cash flow needs, and CSFA's authority to issue TRANS on behalf of LEA's listed in Attachment A of this staff summary.

- As security for the Notes, each LEA will have issued its own Note (each, a District Note or LEA Note) under the Temporary Borrowing provisions of the Government Code, and at closing, using the proceeds of the Notes, the Authority will direct the trustee bank to hold all the District Notes through payment in full of the Notes on the Maturity Date.
- The Authority will issue the Notes and use the proceeds to acquire notes issued by each participating LEA. The amount of each LEA's note will be determined by an analysis of the LEA's cash flow requirements and legal/tax law limitations.
- The Notes will be limited obligations of the Authority payable only from (i) all monies received by the Trustee as debt service under the District Notes, which monies will be intercepted by the Controller under the terms of a Memorandum of Understanding (the MOU) and paid directly to the Trustee for credit to a Payment Account for each LEA; and (ii) all income derived from the investment of any money in any fund or account established pursuant to the Indenture.
- Pursuant to its statutory intercept authority, the State Controller will intercept State Principal Apportionments to schools and community college districts in the Deferral Amounts and transfer those payments directly to the Note Trustee to pay set-asides and/or debt service due on the Notes. The amounts intercepted shall be equal to the amount borrowed by the LEAs, plus interest.

² Ibid



III. Security and Source of Payment

Proposition 98 establishes a minimum annual funding level for K-14 education pursuant to a set of formulas (the Prop 98 Guarantee). This funding, along with payment to universities, has the highest level of payment priority pursuant to the State Constitution.

- The Notes are secured by the State's payment of the fiscal year 2020-21 Deferral Payments.
- Existing law requires the State Controller to draw warrants on the State Treasury throughout each year in specified amounts for purposes of apportioning funding to LEAs. The 2020 Budget Act and Education Trailer Bill (the 2020 Budget Acts) signed by the Governor on June 29 and September 18, 2020, require the warrants scheduled to be drawn in the Deferral Months to instead be drawn and paid in the Deferral Payment Months. The warrants are payable from all available General Fund monies, including legally borrowable funds.
- The 2020 Budget Act specifies the amounts of the deferrals and creates the payment schedule for the payment of the warrants. The payment of the warrants is ministerial and carries the same priority as Proposition 98 Guarantee. No additional action by the Legislature or the Governor is required to cause these payments to be made.
- On or prior to the Deferral Payment dates, the State Controller will intercept the Deferral Payment amounts and send these amounts to the Note Trustee via ACH (Automated Clearing House), at which point the funds will be available exclusively for the Note holders as described in the Note Documents.
- Because it is a cross-fiscal year note, only the revenues received or accrued during the fiscal year in which the Notes are issued may be used for payment.

IV. Note Issuances / Sources and Uses / Cost of Issuance

The Authority anticipates issuing notes in March and April 2021. Each series is highlighted below and amounts are provided as preliminary and final as of the draft of this staff summary.

Issuance	Tax-Exempt	Taxable
March 2021	\$246 million	\$412 million
April 2021	\$209 million	\$307 million

- Sources and Uses Table

This information will be provided under separate cover prior to the board meeting.

- Cost of Issuance Table

This information will be provided under separate cover prior to the board meeting.

V. Financing Team

The following firms have been engaged to serve on the K14 Note financing:

1. Municipal Advisor: Montague DeRose and Associates, LLC
2. Joint Senior Managing Underwriters: RBC Capital Markets, LLC and Citigroup Global Markets Inc.
3. Cash Flow Consultant: Eide Bailly, LLP
4. Note Counsel: Norton Rose Fulbright US LLP
5. Disclosure Counsel: Nixon Peabody LLP
6. Trustee / Paying Agent: US Bank Global Corporate Trust Services

VI. Ratings

The ratings will be based on the State’s short-term credit rating and cash flow because of the direct intercept of the TRAN repayments by the State Controller from Principal Apportionment.

VII. Legal Documents for Approval

The following legal documents have been prepared and are included in this package in substantially final form as Exhibits A-I:

1. **Exhibit A:** CSFA Resolution authorizing the issuance of State Aid Intercept Notes to finance working capital for certain California School Districts, Community College Districts and County Offices of Education (collectively, the Participants);
2. **Exhibit B:** Indenture between CSFA and the Trustee specifying the structure and security of the Notes (March closing) and other matters;
3. **Exhibit C:** First Supplemental Indenture between CSFA and the Trustee specifying the structure and security of the Notes (April closing) and other matters;
4. **Exhibit D:** Form of District Note Purchase Agreement, by and between CSFA and the respective Participants;
5. **Exhibit E:** Form of Note Purchase Agreement between CSFA, the Treasurer as agent for sale on behalf of CSFA, and RBC Capital Markets, LLC and Citigroup Global Markets, Inc., as joint senior managers/underwriters;

6. **Exhibit F**: Memorandum of Understanding by and among the California Department of Education, the California State Controller's Office and CSFA;
7. **Exhibit G**: Memorandum of Understanding by and among the California Community Colleges Chancellor's Office, the California State Controller's Office and CSFA;
8. **Exhibit H**: the Continuing Disclosure Certificate by the Treasurer and CSFA; and
9. **Exhibit I**: the Preliminary Official Statement relating to the CSFA Notes to be distributed to potential investors.

VIII. Staff Recommendation

Staff recommends approval of Resolution 21-03, authorizing the issuance of one or more series of State Aid Intercept Notes in an amount not to exceed \$1,175,000,000 to finance working capital for certain California school districts, community college districts, and county offices of education listed in Attachment A.

ATTACHMENT A
Pooled TRANs Program for K-12 & Community College Districts

List of schools districts, community college districts and county offices of education that are being recommended for approval, as known to the Authority as of February 10, 2021.

#	School District	County	Not to Exceed Amount
1.	Adelanto Elementary	San Bernardino	\$24,000,000
2.	Alameda Unified	Alameda	\$15,000,000
3.	Albany City Unified	Alameda	\$4,000,000
4.	Alpine Union Elementary	San Diego	\$3,000,000
5.	Alum Rock Union Elementary	Santa Clara	\$20,000,000
6.	Banta Elementary	San Joaquin	\$1,000,000
7.	Bear Valley Unified	San Bernardino	\$5,000,000
8.	Blue Lake Union Elementary	Humboldt	\$500,000
9.	Brawley Elementary	Imperial	\$12,000,000
10.	Buellton Union Elementary	Santa Barbara	\$1,000,000
11.	Calexico Unified	Imperial	\$30,000,000
12.	Calipatria Unified	Imperial	\$3,000,000
13.	Central Union High	Imperial	\$13,000,000
14.	Ceres Unified	Stanislaus	\$12,000,000
15.	Chaffey Community College District	San Bernardino	\$19,000,000
16.	Colton Joint Unified	San Bernardino	\$62,000,000
17.	Cotati-Rohnert Park Unified	Sonoma	\$10,000,000
18.	Del Norte County Office of Education	Del Norte	\$1,000,000
19.	Del Norte County Unified	Del Norte	\$6,100,000
20.	Delhi Unified	Merced	\$8,000,000
21.	Dixon Unified	Solano	\$5,500,000
22.	Dos Palos Oro Loma Joint Unified School District	Merced	\$5,000,000
23.	El Centro Elementary	Imperial	\$8,500,000
24.	Enterprise Elementary	Shasta	\$2,000,000
25.	Fillmore Unified	Ventura	\$10,000,000
26.	Fortuna Union High	Humboldt	\$2,000,000
27.	Freshwater Elementary	Humboldt	\$1,000,000
28.	Galt Joint Union Elementary	Sacramento	\$7,000,000
29.	Galt Joint Union High	Sacramento	\$4,000,000
30.	Golden Plains Unified	Fresno	\$3,000,000
31.	Happy Valley Union Elementary	Shasta	\$1,000,000
32.	Hayward Unified	Alameda	\$25,000,000
33.	Holtville Unified	Imperial	\$2,000,000
34.	Hueneme Elementary	Ventura	\$23,061,000
35.	Imperial Unified	Imperial	\$10,000,000
36.	Inglewood Unified	Los Angeles	\$25,000,000
37.	Live Oak Unified	Sutter	\$5,000,000

#	School District	County	Not to Exceed Amount
38.	Livermore Valley Joint Unified	Alameda	\$18,000,000
39.	Lodi Unified	San Joaquin	\$80,000,000
40.	Loleta Union Elementary	Humboldt	\$500,000
41.	Lompoc Unified	Santa Barbara	\$20,000,000
42.	Madera Unified	Madera	\$60,000,000
43.	Maxwell Unified	Colusa	\$1,000,000
44.	Meadows Union Elementary	Imperial	\$2,000,000
45.	Millbrae Elementary	San Mateo	\$12,000,000
46.	Monroe Elementary School District	Fresno	\$1,000,000
47.	Needles Unified	San Bernardino	\$3,000,000
48.	New Jerusalem Elementary	San Joaquin	\$7,000,000
49.	Oakland Unified	Alameda	\$85,000,000
50.	Pacifica	San Mateo	\$7,000,000
51.	Parlier Unified	Fresno	\$6,000,000
52.	Pasadena Area Community College District	Los Angeles	\$25,066,375
53.	Piedmont City Unified School District	Alameda	\$3,000,000
54.	Rialto Unified	San Bernardino	\$35,000,000
55.	Sacramento City Unified	Sacramento	\$96,000,000
56.	San Lorenzo Unified	Alameda	\$16,500,000
57.	Santa Monica Community College District	Los Angeles	\$25,000,000
58.	Seeley Union Elementary	Imperial	\$2,000,000
59.	Simi Valley Unified	Ventura	\$24,000,000
60.	Snowline Joint Unified	San Bernardino	\$19,000,000
61.	Soulsbyville Elementary	Tuolumne	\$1,000,000
62.	Sweetwater Union High	San Diego	\$78,000,000
63.	Tehachapi Unified	Kern	\$8,000,000
64.	Upland Unified	San Bernardino	\$6,000,000
65.	Vallejo City Unified	Solano	\$27,000,000
66.	Ventura County Community College District	Ventura	\$25,000,000
67.	Ventura Unified	Ventura	\$25,000,000
68.	Waterford Unified	Stanislaus	\$4,000,000
69.	Willits Unified	Mendocino	\$3,000,000
70.	Yreka Union Elementary	Siskiyou	\$2,000,000
71.	Yucaipa-Calimesa Joint Unified	San Bernardino	\$18,500,000
	Total		\$1,134,227,375

RESOLUTION NO. 21-03

RESOLUTION OF THE CALIFORNIA SCHOOL FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF STATE AID INTERCEPT NOTES (FISCAL YEAR 2020-21 SCHOOL AND COMMUNITY COLLEGE DISTRICT DEFERRALS), IN AN AMOUNT NOT TO EXCEED \$1,175,000,000 TO FINANCE WORKING CAPITAL FOR CERTAIN CALIFORNIA SCHOOL DISTRICTS, COMMUNITY COLLEGE DISTRICTS AND COUNTY OFFICES OF EDUCATION

WHEREAS, the California School Finance Authority (the “Authority”) is a public instrumentality of the State of California (the “State”), created by the California School Finance Authority Act (constituting Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the State Education Code) (the “CSFA Act”) and is authorized to issue bonds, notes, lease obligations, certificates of participation, commercial paper, and any other evidences of indebtedness to assist school districts, county offices of education and community college districts by providing access to financing for working capital (as defined in the Act) pursuant to the Act;

WHEREAS, the California school districts, community college districts and/or county offices of education named herein in Exhibit A (each a “**Participant**” or “**Participating Party**” and collectively, the “**Participants**”) have applied to issue tax and revenue anticipation notes to be purchased by the Authority with the proceeds of the sale of certain notes of the Authority, to finance working capital for such Participants;

WHEREAS, the above-described working capital financing will benefit the Participants, each of which is a political subdivision duly organized and existing under and by virtue of the laws of the State;

WHEREAS, the debt service on both the Participant notes and the Authority notes as hereinafter described in Section 1 will be secured by, among other things, an intercept of certain funds (the “Intercept”) by the Controller of the State (the “State Controller”) pursuant to Section 17199.4 of the California Education Code;

NOW, THEREFORE, BE IT RESOLVED by the California School Finance Authority as follows:

Section 1. Pursuant to the Act, notes of the Authority, to be designated generally as the “California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series []” or such other name or names as may be designated in the Indenture hereinafter approved in Section 3 (the “**Authority Notes**”), are authorized to be issued, in one or more series from time to time, on a tax-exempt or federally taxable basis, in an aggregate principal amount not to exceed \$1,175,000,000. The proceeds of the Authority Notes shall be used for any or all of the following purposes: (i) purchasing tax and revenue anticipation notes to be issued to the Authority by the Participants (the “Participant Notes”); and (ii) paying certain expenses incurred in connection with the issuance of the Authority Notes.

Section 2. The Authority and the State Treasurer (the “Treasurer”), as agent for sale on behalf of the Authority, is hereby authorized to sell the Authority Notes, at any time within

twelve months of the adoption of this Resolution, at a public or private sale, in such aggregate principal amount (not to exceed the aggregate principal amount set forth in Section 1), at such prices, at such interest rate or rates, and with such maturity dates and such other terms and conditions as the Treasurer, with the consent of the Authority, may determine.

Section 3. The following documents:

- (a) the Indenture relating to the Authority Notes dated as of March 1, 2021 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”);
- (b) the First Supplemental Indenture relating to the Authority Notes dated as of April 1, 2021 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”);
- (c) the District Note Purchase Agreements (the “District Purchase Agreements”), each by and between the Authority and the respective Participants;
- (d) the Note Purchase Agreement relating to the Authority Notes (the “Authority Note Purchase Agreement”), among the Authority, the Treasurer, as agent for sale on behalf of the Authority, and RBC Capital Markets, LLC and Citigroup Global Markets, Inc., as joint senior managers (the “Underwriters”);
- (e) the Memorandum of Understanding by and among the California Department of Education, the California State Controller’s Office and the Authority (the “CDE MOU”);
- (f) the Memorandum of Understanding by and among the California Community Colleges Chancellor’s Office, the California State Controller’s Office and the Authority (the “CCD MOU”);
- (g) the Continuing Disclosure Certificate by the Treasurer and the Authority;
and
- (h) the preliminary official statement relating to the Authority Notes (the “Preliminary Official Statement”)

are hereby approved in substantially the forms on file with the Authority prior to this meeting, with such insertions, deletions or changes therein, including, without limitation, insertions, deletions, or changes therein appropriate to reflect the form of credit or liquidity enhancement for any series of Authority Notes as the officer(s) executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery thereof.

Section 4. The dated date, maturity dates (not exceeding 15 months from the date of issue), interest rate or rates, authorized denominations, transfer restrictions, forms, registration, manner of execution, places of payment and other terms of the Authority Notes shall be as set forth in the Indenture as finally executed. In accordance with the Bond Issuance Guidelines of the Authority, the Authority Notes shall be issued in the authorized denominations

of \$5,000 or any integral multiple thereof, and delivered as described in the Preliminary Official Statement without any restrictions as to the qualifications of initial purchasers or any subsequent purchasers of the Authority Notes, given that the Authority Notes are expected to be rated at least “A-” (or its equivalent) or better by a nationally recognized rating agency.

Section 5. Preliminary Official Statement. The form of the Preliminary Official Statement presented to this meeting is hereby approved, and the Underwriters are hereby authorized to distribute the Preliminary Official Statement in one document or in a separate document for each series of Authority Notes, with such changes as the Authority may approve, in connection with the offering and sale of the Authority Notes. Each Authorized Officer is hereby authorized and directed to provide the Underwriters with such information relating to the Authority and the State as the Underwriters shall reasonably request for inclusion in the Preliminary Official Statement for the Authority Notes. Upon inclusion of the information relating to the State of California and the Authority therein, the Preliminary Official Statement for the applicable Series of Authority Notes, as applicable, shall be, except for certain omissions permitted by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the “**Rule**”), deemed final within the meaning of the Rule; provided that no representation is made as to the information contained in the Preliminary Official Statement relating to the Participants, and the Authority is hereby authorized to certify that the Preliminary Official Statement is, as of its date, deemed final within the meaning of the Rule. If, at any time prior to the execution of the Authority Purchase Agreement, any event occurs as a result of which the information contained in the Preliminary Official Statement relating to the Authority or the State might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Authority shall promptly notify the Underwriters. The Authority is hereby authorized and directed, at or after the time of the sale of the Authority Notes, for and in the name and on behalf of the State, to execute or approve a final Official Statement in substantially the form of the Preliminary Official Statement presented to this meeting, with such additions thereto or changes therein as the Authority may approve, such approval to be conclusively evidenced by the execution and delivery thereof (the “Official Statement”).

The Underwriters are hereby authorized to distribute a Preliminary Official Statement in substantially the form on file with the Authority in one document or in a separate document for each series of Authority Notes, with such changes as the Underwriters may approve to persons who may be interested in the purchase of the Authority Notes offered in such issuance. The Underwriters are hereby directed to deliver (in accordance with applicable federal securities laws, regulations and rules) a copy of the Official Statement to all actual purchasers of any series of the Authority Notes authorized hereby.

Section 6. The Authority Notes, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Authority Notes by executing the Trustee’s certificate of authentication appearing thereon and to deliver the Authority Notes, when duly executed and authenticated, to the Underwriters, in accordance with written instructions executed on behalf of the Authority, which instructions are hereby approved. Such instructions shall provide for the delivery of the Authority Notes to or upon the direction of the Representative, as determined and confirmed by the Treasurer, upon payment of the purchase price thereof.

Section 7. Each officer of the Authority is hereby authorized and directed to do any and all things which he or she may deem necessary or advisable in order to consummate the issuance, execution, sale and/or delivery of the Authority Notes and otherwise to effectuate the purposes of this Resolution, the Indenture, the CDE MOU, the CCD MOU, the Authority Purchase Agreement and the District Purchase Agreements. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation: (a) certifications; and (b) a tax certificate, IRS Form 8038-G and agreement. The Treasurer (or her designee) is hereby requested and authorized to take any and all actions within her authority as agent for sale of the Authority Notes that she may deem necessary or advisable in order to consummate the issuance, execution, sale and delivery of the Authority Notes, and to otherwise effectuate the purposes of this Resolution.

Section 8. The Authority hereby approves and ratifies each and every action taken by its officers, agents, members and employees prior to the date hereof in furtherance of the purposes of this Resolution.

Section 9. The provisions of the Authority's Resolution No. ____ apply to the documents and actions approved in this Resolution, and such Resolution No. ____ is hereby incorporated by reference.

Section 10. This Resolution shall take effect from and after its adoption.

Dated: _____, 2021

EXHIBIT A

**PARTICIPATING SCHOOL DISTRICTS, COMMUNITY COLLEGE DISTRICTS AND
COUNTY OFFICES OF EDUCATION (each, a “PARTICIPATING PARTY”)**

#	School District, Community College District	County	Not To Exceed Amount
1	Adelanto Elementary	San Bernardino	\$24,000,000
2	Alameda Unified	Alameda	\$15,000,000
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8	Blue Lake Union Elementary	Humboldt	\$500,000
9	Brawley Elementary	Imperial	\$12,000,000
10	Buellton Union Elementary	Santa Barbara	\$1,000,000
11	Calexico Unified	Imperial	\$30,000,000
12	Calipatria Unified	Imperial	\$3,000,000
13	Central Union High	Imperial	\$13,000,000
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15	Chaffey Community College District	San Bernardino	\$19,000,000
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17	Cotati-Rohnert Park Unified	Sonoma	\$10,000,000
18	Del Norte County Office of Education	Del Norte	\$1,000,000
19	Del Norte County Unified	Del Norte	\$6,100,000
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21	Dixon Unified	Solano	\$5,500,000
22	Dos Palos Oro Loma Joint Unified School District	Merced	\$5,000,000
23	Centro Elementary	Imperial	\$8,500,000
24	Enterprise Elementary	Shasta	\$2,000,000
25	Fillmore Unified	Ventura	\$10,000,000
26	Fortuna Union High	Humboldt	\$2,000,000
27	Freshwater Elementary	Humboldt	\$1,000,000
28	Galt Joint Union Elementary	Sacramento	\$7,000,000
29	Galt Joint Union High	Sacramento	\$4,000,000
30	Golden Plains Unified	Fresno	\$3,000,000
31	Happy Valley Union Elementary	Shasta	\$1,000,000
32	Hayward Unified	Alameda	\$25,000,000
33	Holtville Unified	Imperial	\$2,000,000
34	Hueneme Elementary	Ventura	\$23,061,000
35	Imperial Unified	Imperial	\$10,000,000
36	Inglewood Unified	Los Angeles	\$25,000,000
37	Live Oak Unified	Sutter	\$5,000,000
38	Livermore Valley Joint Unified	Alameda	\$18,000,000
39	Lodi Unified	San Joaquin	\$80,000,000
40	Loleta Union Elementary	Humboldt	\$500,000
41	Lompoc Unified	Santa Barbara	\$20,000,000
42	Madera Unified	Madera	\$60,000,000
43	Maxwell Unified	Colusa	\$1,000,000
44	Meadows Union Elementary	Imperial	\$2,000,000
45	Millbrae Elementary	San Mateo	\$12,000,000
46	Monroe Elementary School District	Fresno	\$1,000,000
47	Needles Unified	San Bernardino	\$3,000,000
48	New Jerusalem Elementary	San Joaquin	\$7,000,000
49	Oakland Unified	Alameda	\$85,000,000

50	Pacifica	San Mateo	\$7,000,000
51	Parlier Unified	Fresno	\$6,000,000
52	Pasadena Area Community College District	Los Angeles	\$25,066,375
53	Piedmont City Unified School District	Alameda	\$3,000,000
54	Rialto Unified	San Bernardino	\$35,000,000
55	Sacramento City Unified	Sacramento	\$96,000,000
56	San Lorenzo Unified	Alameda	\$16,500,000
57	Santa Monica Community College District	Los Angeles	\$25,000,000
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61	Soulsbyville Elementary	Tuolumne	\$1,000,000
62	Sweetwater Union High	San Diego	\$78,000,000
63	Tehachapi Unified	Kern	\$8,000,000
64	Upland Unified	San Bernardino	\$6,000,000
65	Vallejo City Unified	Solano	\$27,000,000
66	Ventura County Community College District	Ventura	\$25,000,000
67	Ventura Unified	Ventura	\$25,000,000
68	Waterford Unified	Stanislaus	\$4,000,000
69	Willits Unified	Mendocino	\$3,000,000
70	Yreka Union Elementary	Siskiyou	\$2,000,000
71	Yucaipa-Calimesa Joint Unified	San Bernardino	\$18,500,000
		Total	\$1,134,227,375

INDENTURE

by and between

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

and

CALIFORNIA SCHOOL FINANCE AUTHORITY

Dated as of March 1, 2021

\$ _____
California School Finance Authority
State Aid Intercept Notes
(Fiscal Year 2020-21 School and Community College District Deferrals)

\$ _____ 2021 Series A-1 (Tax-Exempt)	\$ _____ 2021 Series A-2 (Federally Taxable)
\$ _____ 2021 Series B (Federally Taxable)	

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INDENTURE

This Indenture (the “Indenture”), dated as of March 1, 2021, by and between the CALIFORNIA SCHOOL FINANCE AUTHORITY (the “**Authority**”), a public instrumentality of the State of California, created by the California School Finance Authority Act (constituting Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State of California) (the “**CSFA Act**”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “**Trustee**”);

WITNESSETH:

WHEREAS, Section 53850 *et seq.* of the Government Code of the State of California (the “**Act**”) provides that tax and revenue anticipation notes (“**TRANS**”) may be issued by a school district, community college district, or county board of education pursuant to the terms of Section 53853(b) of the Act; and

WHEREAS, the Authority, acting pursuant to its powers under the constitution and laws of the State of California (the “**State**”), desires to provide assistance to one or more school districts, community college districts or county offices of education named in Schedule I hereto (with such other school districts, community college districts and county offices of education as may be identified in a Supplemental Indenture, each a “**Participant**” and collectively, the “**Participants**”) located within the State, in connection with their cash-flow borrowing needs; and

WHEREAS, the Participants, or any of them, may from time to time during the Fiscal Year (herein defined) need to borrow moneys at a tax-exempt or taxable rate of interest in order to meet their respective cash-flow needs, all pursuant to Section 53850 *et seq.* of the Act; and

WHEREAS, the Act provides that the respective California counties in which the Participants are located (each a “**County**” and collectively, the “**Counties**”) may issue tax and revenue anticipation notes or revenue anticipation notes on behalf of any requesting school district, community college district or county offices of education located in the respective County upon the satisfaction of certain conditions and subject to Section 53853 of the Act; and

WHEREAS, the Board of Supervisors of each of the Counties has either (i) failed or declined to authorize the issuance of the TRANS within the time period specified in said Section 53853 of the Act, or (ii) otherwise advised the respective Participant that one or more series of TRANS may be issued by the Participant on its own behalf in connection with the Program (defined below); and

WHEREAS, in response to a budget shortfall associated with the novel coronavirus pandemic, the annual budget package for the State for the 2020-21 fiscal year (the “**Fiscal Year**”) deferred approximately 30% of school district, county offices of education and community college district apportionment payments into the next fiscal year (the “**Apportionment Deferrals**”), as set forth in Education Code Sections 14041.5 and 14041.6; and

WHEREAS, the Apportionment Deferrals require school districts, county offices of education and community college districts to employ low-cost cash management strategies to meet their needs for ongoing working capital, such as the use of temporary borrowing from external sources by issuing tax and revenue anticipation notes (“**TRANS**”); and

WHEREAS, the Authority is a public instrumentality of the State, created by the CSFA Act and is authorized to issue bonds, notes, and certificates, and loan the proceeds thereof to a participating party (as defined in the CSFA Act) for purposes of financing, among other things, working capital (as defined in the CSFA Act); and

WHEREAS, the Authority expects to issue TRANS (the “**Authority Notes**”) on behalf of the Participants, which Authority Notes will be designated as the “California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals),” secured and repaid by the State Controller (the “**Controller**”) intercepting the eventual payment of the Apportionment Deferrals (the “**Program**”), and apply the proceeds from the sale of the Authority Notes to simultaneously purchase from the Participants TRANS to be issued by or on behalf of the Participants; and

WHEREAS, each of the Participants has determined to participate in the Program and qualifies as a participating party under the CSFA Act that will issue one or more TRANS, each series having the same maturity date (each a “**Series of District Notes**,” and, with respect to the initial three series or tranches, in the respective principal amounts set forth in Schedule I hereto, the “**Series A-1 District Notes**,” the “**Series A-2 District Notes**” and the “**Series B District Notes**,” and with such other Additional District Notes (as hereinafter defined) as may be identified in a Supplemental Indenture, individually, a “**District Note**” and, collectively, the “**District Notes**”) under the Program; and

WHEREAS, Section 17199.4(a) of the CSFA Act specifies that any Participant in connection with securing financing of working capital pursuant to the CSFA Act may elect (each, an “**Election**”) to fund payments on the Authority Notes and various other payments and amounts in connection with the Authority Notes (collectively, the “**Payments**”); and

WHEREAS, Section 17199.4(c) of the CSFA Act provides that, to participate under such Section, the Participant shall, among other things, provide written notice of such Election to the Controller (each, a “**Notice of Election**”), which Notice of Election shall include, among other things, the Participant’s name, contact information and payment delivery instructions for the payee of the Payments and a schedule of the Payments subject to the Election (collectively, the “**Funds Subject to Intercept**”); and

WHEREAS, the Payments due under the various series and tranches of Authority Notes to be issued under the 2020-21 TRANS Program will be funded from the apportionments due from the State (the “**State Aid Subject to Apportionment**”) to each Participant for fiscal year 2020-21 (the “**Fiscal Year**”); and

WHEREAS, to establish the structure of the Program and to ensure the creditworthiness of the Authority Notes attributable to the District Notes issued by the Participants, the Authority entered into (a) a memorandum of understanding, dated as of March 1, 2021 (the

“**K-12 MOU**”) with the State Controller (the “**State Controller**”) and the State Department of Education (the “**Department**”) and (b) a memorandum of understanding, dated as of March 1, 2021 (the “**CCD MOU**”) with the State Controller and the California Community College Chancellor’s Office (the “**Chancellor’s Office**”) to coordinate the actions and obligations of the parties thereto; and

WHEREAS, each Participant has authorized the pooling of each Series of its District Notes with certain Series of District Notes issued by other Participants, and the assignment by the Authority of such District Notes to the Trustee to secure the payment of one or more series of Authority Notes issued under this Indenture, as supplemented by Supplemental Indentures (each, a “**Series of Authority Notes**”) corresponding to such Series of District Notes, in order to achieve a lower net interest cost and lower costs associated with issuing the District Notes; and

WHEREAS, with respect to the Series A-1 District Notes and Series A-2 District Notes issued on March [___], 2021, the Authority will issue its California School Finance Authority, State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A (the “**Series A Authority Notes**”), which shall include taxable and tax-exempt tranches, under this Indenture; and

WHEREAS, with respect to the Series B District Notes issued on March [___], 2021, the Authority will issue its California School Finance Authority, State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series B (Federally Taxable) (the “**Series B Authority Notes,**” and, together with the Series A Authority Notes, the “**March Series Authority Notes**”), under this Indenture; and

WHEREAS, in connection with the Program, the Authority and the Participants have appointed Montague DeRose and Associates, LLC, as “**Municipal Advisor,**” the law firm of Norton Rose Fulbright US LLP as “**Note Counsel,**” Nixon Peabody LLP as “**Disclosure Counsel,**” and U.S. Bank National Association as Trustee, and RBC Capital Markets LLC and Citigroup Global Markets Inc., as joint senior managers, each acting on behalf of itself and other underwriters to be appointed by the State Treasurer at a later date (collectively, the “**Underwriters**”) have been appointed to purchase all of the Authority Notes from the Authority; and

WHEREAS, each Participant has entered into an initial purchase agreement (each a “**District Note Purchase Agreement**”) with the Authority pursuant to which the Authority has agreed to purchase such Participant’s Series A-1 District Notes, Series A-2 District Notes and/or Series B District Notes and in connection therewith to issue the corresponding series of Authority Notes to finance the purchase of such District Notes; and

WHEREAS, any existing or new Participant may issue additional Series of District Notes (the “**Additional District Notes**”) from time to time to be purchased by the Authority and assigned to the Trustee to secure the payment of additional series of Authority Notes (the “**Additional Authority Notes**” and, collectively with the March Series Authority Notes, the “**Authority Notes**”) issued pursuant to this Indenture and one or more supplemental indentures (each, a “**Supplemental Indenture**” and together with this Indenture, the “**Indenture**”); and

WHEREAS, pursuant to the Program and this Indenture, the Authority has assigned and will assign its interest in each Series of District Notes to the Trustee to secure the payment of the corresponding Series of Authority Notes; and

WHEREAS, the Trustee, pursuant hereto, accepts the assignment of the Series A District Notes and the Series B District Notes and all duties, obligations and trusts of the Trustee established in this Indenture; and

WHEREAS, the Trustee, pursuant to Supplemental Indentures, will accept the assignment of each series of Additional District Notes, if any; and

WHEREAS, the Authority has determined that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Indenture and delivery of the Series A Authority Notes and Series B Authority Notes do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Indenture;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS; EQUAL SECURITY

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall, for all purposes hereof and of any amendment hereof or supplement hereto and of the Authority Notes and of any Certificate, opinion, Request or other document mentioned herein or therein, have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

“**Act**” means 53850 *et seq.* of the Government Code of the State of California.

“**Additional Authority Notes**” means all California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals) (other than the Series A Authority Notes and Series B Authority Notes) authorized by and at any time Outstanding pursuant to this Indenture and a Supplemental Indenture, and executed, issued and delivered from time to time in connection with a Pool in accordance with Section 2.11 hereof.

“**Additional District Notes**” means, collectively, the tax and revenue anticipation notes issued by or on behalf of one or more Participants in the respective Series and aggregate principal amounts thereof (whether or not such District Notes are the first or a subsequent Series of District Notes issued by or on behalf of such Participant), as set forth in a Supplemental Indenture and assigned to an Additional Pool securing each corresponding Series of Additional Authority Notes.

“Additional Investment Agreement” means an investment agreement pursuant to which, initially, all or a portion of the proceeds of the corresponding Series of Additional Authority Notes are to be invested, executed and delivered by the Trustee on behalf of each of the Participants whose Series of Additional District Notes are assigned to such corresponding Series of Additional Authority Notes.

“Additional Pool” means each pool composed of Additional District Notes of a Series assigned to and securing the payment of a Series of Additional Authority Notes.

“Additional Series Maturity Date” means each date on which the principal of and interest on a Series of Additional Authority Notes and the corresponding Series of District Notes becomes due and payable, as specified in the applicable Supplemental Indenture.

“Additional Series Pledged Accounts” mean, with respect to each Series of Additional Authority Notes, the Costs of Issuance Account relating to such Series of Additional Authority Notes, the Proceeds Accounts for each Series of Additional District Notes assigned to the Additional Pool relating to such Series of Additional Authority Notes, the Payment Accounts for each Series of Additional District Notes assigned to the Additional Pool relating to such Series of Additional Authority Notes, the Interest Account relating to such Series of Additional Authority Notes, the Principal Account relating to such Series of Additional Authority Notes.

“Apportionment Deferrals” mean, collectively, the approximately 30% of school district, county offices of education and community college district apportionment payments for the Fiscal Year that were deferred into the Fiscal Year 2021-22, as set forth in Education Code Sections 14041.5 and 14041.6, subject to a Change in State Law.

“Authority” means the California School Finance Authority, a public instrumentality of the State of California, created by the CSFA Act.

“Authority Note Payment Fund” means the fund by that name established under Section 3.02.

“Authority Notes” means, collectively, the Series A Authority Notes, the Series B Authority Notes and all Additional Authority Notes.

“Authority Resolution” means that certain resolution adopted by the Authority Board on February 25, 2021, pertaining to the issuance by the Authority of the Series A Authority Notes and the Series B Authority Notes and the establishment of the Program for the Fiscal Year.

“Authorized Participant Representative” means the President or Chairperson, Secretary or Clerk of the governing board of a Participant, the Superintendent, the Superintendent/President, Chancellor, the Assistant Superintendent of Business, the Assistant Superintendent, the Vice President of Business and Administration, the Vice Chancellor of Administrative Services, the business manager, director of business or fiscal services or chief financial or business officer of the Participant, as the case may be, or the equivalent, or, in the absence of said officer, his or her duly appointed designee, or such other officers of a Participant designated under Section 4 of such Participant’s Resolution, or any other person at the time designated to act on behalf of such Participant by written certificate furnished to the Trustee, containing the specimen signature of

such person and signed on behalf of such Participant by the Chair, the President, the Clerk or the Secretary of the governing board of such Participant, or the Superintendent, the Superintendent/President, or the Chancellor of such Participant.

“**Business Day**” means any day except (i) Saturday, (ii) Sunday, (iii) California State Holidays, or (iv) any day on which banks located in the city in which the designated trust office of the Trustee is located, or in San Francisco, California or Los Angeles, California, or New York, New York, are required or authorized to remain closed.

“**CCD MOU**” means that certain Memorandum of Understanding dated as of March 1, 2020, by and among the Authority, the State Controller and the Chancellor’s Office.

“**CCD Participants**” means the California community college districts participating in the Program.

“**CDE MOU**” means that certain Memorandum of Understanding dated as of March 1, 2020, by and among the Authority, the State Controller and the Department.

“**Certificate**” or “**Request**” means, with respect to a Participant, an instrument in writing signed on behalf of such Participant by an Authorized Participant Representative, and with respect to the Authority, an instrument in writing signed on behalf of the Authority by its Chair, Secretary, Treasurer or Executive Director or other person at the time designated to act on behalf of the Authority by written certificate furnished to the Trustee.

“**Chancellor’s Office**” means the California Community Colleges Chancellor’s Office.

“**Change in State Law**” means action by the State legislature following the issuance of a Series of Authority Notes in which the State advances or further defers the dates upon which the Deferral Amounts are to be paid.

“**Closing Date**” means March [___], 2021.

“**Code**” means the Internal Revenue Code of 1986 and the regulations issued or applicable thereunder.

“**Confirmation of Pricing**” means, collectively, those certain pricing confirmation supplements executed at the time of pricing each Series of District Notes and attached as Schedule I to the District Notes Purchase Agreements applicable to such Series of District Notes.

“**Continuing Disclosure Certificate**” means, collectively, each Continuing Disclosure Certificate among the Authority, the State Treasurer and the Dissemination Agent, dated the date of issuance and delivery of the corresponding Series of Authority Notes, as originally executed and as it may be amended or supplemented from time to time in accordance with the terms thereof.

“**Costs of Issuance**” means all items of expense directly or indirectly payable by or reimbursable to a Participant or the Authority and related to the authorization, execution and delivery of each Series of District Notes and the related sale of a Series of Authority Notes, which may include, but are not limited to, any fees, costs of preparation, reproduction and delivery of

documents, filing and recording fees, fees and charges of the Trustee, Trustee counsel fees, fees of the Authority and its Counsel, State Treasurer's Office fees, Municipal Advisor fees, Note Counsel and Disclosure Counsel fees and charges, other legal fees and charges, fees and disbursements of consultants and professionals, fees and charges for preparation, execution, safekeeping and delivery of the applicable Series of Authority Notes and any other costs, charges or fees in connection with the original issuance of a Series of District Notes and the applicable Series of Authority Notes.

"Costs of Issuance Account" means each Costs of Issuance Account created in the Costs of Issuance Fund under Section 3.02 relating to a Series of Authority Notes.

"Costs of Issuance Fund" means the fund by that name established under Section 3.02.

"County" or **"Counties"** means the California counties in which the Participants are located.

"County Treasurer" means the County Treasurer in any County in which a Participant is located.

"County Treasury Pool" means the local government money fund of the respective County Treasurer that invests the assets of the respective County's school districts, community colleges and other public agencies in the region.

"CSFA Act" means Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State of California.

"Debt Service Payments" means the moneys paid by each Participant as and for payments of principal of and interest on its respective District Notes and Additional District Notes, if any, which moneys shall include the Pledged Revenues and amounts deposited in the related Participant's Payment Subaccount and any other moneys lawfully available therefor pursuant to the related District Resolution.

"Default Rate" means the rate of interest per annum sufficient to produce a yield on the outstanding portion of such Defaulted District Notes equal to the rate or, in the case of a Series of Authority Notes, the rates of interest payable on the applicable Series of Authority Notes (or applicable portions thereof), computed on the basis of a 360-day year consisting of twelve thirty-day months.

"Defaulted District Note" means a District Note the principal of or interest on which is not paid on the applicable Maturity Date.

"Deferral Amounts" mean the portion of the State Aid Subject to Apportionment that constitutes Apportionment Deferrals of the Participants.

"Deferral Months" mean the months in which Deferral Amounts would normally have been distributed but have instead been deferred by the State, and with respect to the Series A Authority Notes, means the months of February 2021 through and including May 2021, and with respect to the Series B Authority Notes, means the month of June 2021.

“Department” means the California Department of Education.

“Dissemination Agent” means the State Treasurer, acting in its capacity as Dissemination Agent under the terms of any Continuing Disclosure Certificate applicable to the Authority Notes, or any successor dissemination agent designated in writing by the State Treasurer and which has filed with the State Treasurer a written acceptance of such designation.

“District Note Purchase Agreement” means each District Note Purchase Agreement by and between a Participant and the Authority relating to the purchase by the Authority of such Participant’s District Notes or Additional District Notes. **“District Note Purchase Agreements”** mean all such District Note Purchase Agreements, collectively.

“District Notes” means, collectively, the Series A District Notes, the Series B District Notes and all Additional District Notes **“District Note”** refers to the District Notes individually.

“District Senior Existing Indebtedness” or **“Senior Loan”** means the debt referenced by such name in a Participant Resolution or MOU for which proceeds of the Series A-2 Authority Notes shall be irrevocably deposited to pay or prepay certain lease or debt service payments of such Participant as set forth in the Confirmation of Pricing for a Participant.

“DTC” or **“Depository Trust Company”** means The Depository Trust Company, New York, New York.

“Election” means the election of a Participant to fund payments on applicable Authority Notes pursuant to Section 17199.4 of the CSFA Act from Deferral Amounts.

“Electronic Means” shall have the meaning set forth under Section 8.04 hereof.

“Escrow Account” means each Escrow Account created in the Escrow Fund under Section 3.02(b) for each Series of Authority Notes funded in the amount of all or a portion of the Estimated June Deferral Amount, including within each Escrow Account, a separate Escrow Subaccount for each Participant with a Series of District Notes assigned to such Series of Authority Notes.

“Escrow Fund” means the fund by that name, established pursuant to Section 3.02.

“Escrow Release Date” means the date determined by the Authority following the computation by the Department of the Final June Deferral Amounts, being [July 2, 2021] or as soon thereafter as possible, but not later than five (5) Business Days following the Authority’s notification to the Trustee under Section 3.03(d) hereof.

“Estimated June Deferral Amounts” means the calculation by the Department of the estimated Deferral Amounts for the June 2021 Deferral Month based on first principal apportionment (P-1) information.

“Event of Default” shall have the meaning ascribed thereto under Section 7.01 hereof and in each Participant Resolution.

“**Federal Securities**” means any of the following which are noncallable and which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

(1) direct general obligations (including stripped obligations) of (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the payment of principal of and interest on which are directly or indirectly unconditionally guaranteed by, the United States of America;

(2) direct obligations (including stripped obligations) of any department, agency or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America; and

(3) refunded municipal obligations rated AAA by S&P, AAA by Fitch, or Aaa by Moody’s, the timely payment of principal of and interest on are fully guaranteed by the United States of America.

“**Final June Deferral Amounts**” means the calculation by the Department of the final Deferral Amounts for the June 2021 Deferral Month based on second principal apportionment (P-2) information.

“**Fiscal Year**” means the period from July 1, 2020 through and including June 30, 2021.

“**Fitch**” means Fitch Ratings, Inc., and its successors and assigns.

“**Funds Subject to Intercept**” means, collectively, the portion of Deferral Amounts consisting of Payments.

“**Indenture**” means this Indenture, dated as of March 1, 2021, by and between the Trustee and the Authority, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance herewith.

“**Intercept Notice**” means a notice of Election, EFT Form and schedule of Funds Subject to Intercept filed by a Participant with the State Controller.

“**Interest Account**” means each account by that name established under Section 3.02.

“**Investment Agreement**” means[, collectively, the Series __ Investment Agreement, if any, and] each Additional Investment Agreement.

“**K-12 Participants**” means the California school districts and county offices of education participating in the Program.

“**Maturity Date**” means the date on which the principal of and interest on a District Note or Authority Note become due and payable.

“**Moody’s**” means Moody’s Investors Service, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a

securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“**MOUs**” mean, collectively, the CDE MOU and the CCD MOU.

“**Municipal Advisor**” means Montague DeRose & Associates LLC and its successors and assigns or such other financial advisory firm appointed by the Authority.

“**Note Counsel**” means Norton Rose Fulbright US LLP or an attorney or firm of attorneys of nationally recognized standing in matters pertaining to the validity of, and tax-exempt nature of interest on, obligations issued by states and their political subdivisions, appointed by the Authority.

“**Opinion of Counsel**” means a written opinion of Note Counsel.

“**Outstanding**,” when used as of any particular time with reference to Authority Notes, means (subject to the provisions of Section 9.02) all Authority Notes except -

(1) Authority Notes cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Authority Notes paid or deemed to have been paid within the meaning of Section 10.01; and

(3) Authority Notes in lieu of or in exchange or substitution for which other Authority Notes shall have been authenticated and delivered by the Trustee hereunder.

“**Owner**” means the registered owner of any Outstanding Authority Note.

“**Participant Resolutions**” means the respective resolutions adopted by the governing boards of the Participants and, where applicable (and if a respective County elected to do so), in the case of school districts, community college districts and county offices of education that are not fiscally accountable, the respective resolutions adopted by the county boards of supervisors, in each case authorizing the issuance of District Notes in one or more Series under Section 53853 of the Act and approving the execution and delivery by the Authority of this Indenture, any Supplemental Indenture and the Authority Notes, as originally adopted and as it may from time to time be amended or supplemented in accordance therewith.

“**Participants**” means the California school districts, community college districts and county offices of education listed in Schedule I hereto with regard to the Series A-1, Series A-2 and Series B Authority Notes and in a Supplemental Indenture with regard to Additional Authority Notes, and, where applicable, the Counties electing to be the issuers of the District Notes for the school districts that are not fiscally accountable, and in each case their successors and assigns.

“**Payment Account**” means each Payment Account created in the Authority Note Payment Fund under Section 3.02(b) hereof for each Series of Authority Notes, including for each Payment Account, a separate Payment Subaccount for each Participant with a Series of District Notes assigned to such Series of Authority Notes created pursuant to each Participant’s Resolution, and maintained by the Trustee in the Authority Note Payment Fund under Section 3.02, for the

collection and deposit of Payments for the repayment of the related Participant's District Notes, including amounts held in the Payment Subaccount and invested in Permitted Investments.

"Payments" mean, in connection with the Election by a Participant pursuant to Section 17199.4 of the CSFA Act, the payments to fund the Authority Notes and various other payments and amounts in connection with the Authority Notes, displayed on the Schedule or a Revised Schedule for each Participant attached to that Participant's Intercept Notice, and consisting of all or a portion of the Deferral Amounts pledged to the payment of the Participant's District Notes. Payments of a Participant shall not exceed the Deferral Amounts of such Participant.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

- (1) Federal Securities;
- (2) Any direct or indirect obligations of an agency or department of the United States of America whose obligations represent the full faith and credit of the United States of America, or which are rated A or better by Fitch, S&P or Moody's (or whichever one of them is then rating the applicable Series of Authority Notes);
- (3) Interest-bearing deposit accounts (including certificates of deposit in federal or State-chartered savings and loan associations or in federal or State banks (including the Trustee), provided that the unsecured obligations of such savings and loan association or bank are rated A or better by Fitch, S&P or Moody's (or whichever one of them is then rating the applicable Series of Authority Notes);
- (4) Commercial paper rated in the highest short-term rating category by Fitch, S&P or Moody's (or whichever one of them is then rating the applicable Series of Authority Notes);
- (5) Federal funds or bankers acceptances with a maximum term of one year of any bank which holds an unsecured, uninsured and unguaranteed obligation rate in the highest rating category of Fitch, S&P or Moody's (or whichever one of them is then rating the applicable Series of Authority Notes);
- (6) Units of a money-market fund portfolio rated in the highest rating category by Fitch, S&P or Moody's (or whichever one of them is then rating the applicable Series of Authority Notes);
- (7) Any obligations which are then legal investments for moneys of the Participants under the laws of the State; provided, that if such investments are not fully insured by the Federal Deposit Insurance Corporation, such investments shall be, or shall be issued by entities, the debt securities of which are rated in the highest short-terms (without regard to any modifiers) or one of the two highest long-term rating categories by Fitch, S&P or Moody's (or whichever one of them is then rating the applicable Series of Authority Notes);
- (8) An investment agreement rated in one of the two highest long-term rating categories by Fitch, S&P or Moody's (or whichever one of them is then rating the applicable Series

of Authority Notes) or whose commercial paper rating is in the highest rating category (without regard to any modifiers) of Fitch, S&P or Moody's (or whichever one of them is then rating the applicable Series of Authority Notes), or is fully collateralized by investments listed in item (1) of this definition; and

(9) The State's Surplus Money Investment Fund ("SMIF"), an investment fund established under the California Government Code which is part of the Pool Money Investment Account ("PMIA") and operated by the State.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government or any entity whatsoever.

"Pledge Date" means the last Business Day of each Repayment Period.

"Pledged Revenues" means the revenues pledged by a Participant in its Participant Resolution for the payment of its District Notes, comprised of all of its Deferral Amounts.

"Pool" means, collectively, the Series A Pool and each Additional Pool.

"Pool Interest Fund" means the fund by that name established under Section 3.02.

"Pool Principal Fund" means the fund by that name established under Section 3.02.

"Principal Account" means each account by that name established under Section 3.02.

"Principal Office of the Trustee" means the principal corporate trust office of the Trustee, which, for the Trustee initially appointed hereunder, is located in San Francisco, California; provided that for transfer, exchanges, payment and registration of Authority Notes, "Principal Office of the Trustee" shall mean the corporate trust office of U.S. Bank National Association in San Francisco, California, or such other office specified by the Trustee.

"Proceeds Fund" means the fund by that name established under Section 3.02.

"Proceeds Account" means each Proceeds Account created in the Proceeds Fund under Section 3.03(b) relating to a Series of District Notes.

"Program" means the California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals) pursuant to which one or more Series of Authority Notes are issued by the Authority to assist Participants in financing their cash flow deficits.

"Purchase Agreement" means each purchase agreement between the Authority and the Underwriters, relating to the purchase of the applicable Series of Authority Notes by the Underwriters thereof.

"Rating Agency" means Fitch, S&P and Moody's, or whichever one of them is then rating the applicable Series of Authority Notes, if any.

“Rebate Fund” means the fund by that name established under Section 6.08.

“Released Escrow Amounts” mean the amount on deposit in each Escrow Account which is the lesser of the Estimated June Deferral Amount then on deposit in the Escrow Account or the Final June Deferral Amount for a Participant.

“Repayment Period” shall have the meaning ascribed to such term in the District Participant Resolutions.

“Representation Letter” means that certain blanket letter of representations addressed to DTC, and pertaining to the issuance of Authority Notes in book-entry form.

“Representative” means RBC Capital Markets, LLC and Citigroup Global Markets, Inc., each as Representative of itself and the Underwriters named in a Purchase Agreement, and such other underwriters as may be approved by the Authority, collectively, as underwriters and purchasers of each Series of Authority Notes under and pursuant to the respective series Purchase Agreement.

“Requisition” means, depending on the context, either a request from the Authority or Municipal Advisor for payment by the Trustee of Costs of Issuance, in the form set forth in Exhibit B for a Costs of Issuance Requisition, or a request from a Participant for payment by the Trustee of Proceeds Account funds, in the form set forth in Exhibit C for a Proceeds Account Requisition.

“Revised Schedule” means a revised Schedule due to a Change in State Law as provided under Sections 3 and 4 of the MOUs.

“S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Schedule” means the schedule attached to the Intercept Notice submitted on behalf of a Participant designating the Repayment Periods and Payments for such Participant.

“SEC” means the Securities and Exchange Commission.

“Securities Depository” means The Depository Trust Company, 570 Washington Blvd, 4th Floor, Jersey City, New Jersey 07310 Attn: Call Notification Department, or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depository as the Authority may designate to the Trustee in writing.

“Series” means any individual series of Authority Notes or District Notes, as designated in this Indenture, a Supplemental Indenture or a Participant Resolution, as applicable.

“Series A Authority Notes” mean Series A-1 Authority Notes and the Series A-2 Authority Notes.

“**Series A-1 Authority Notes**” mean the \$ _____ California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-1 (Tax-Exempt), authorized by, and at any time Outstanding pursuant to, this Indenture.

“**Series A-2 Authority Notes**” mean the \$ _____ California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-2 (Federally Taxable), authorized by, and at any time Outstanding pursuant to, this Indenture.

“**Series A Costs of Issuance Accounts**” mean the accounts by such names assigned to the Series A Authority Notes established under Section 3.02.

“**Series A District Notes**” mean the tax and revenue anticipation notes issued by the Participants in the respective Series and aggregate principal amounts, as described in Schedule I hereto and assigned to the Series A-1 Pool securing the Series A-1 Authority Notes and to the Series A-2 Pool securing the Series A-2 Authority Notes.

“**Series A Interest Accounts**” mean the accounts by such names assigned to Series A Authority Notes established under Section 3.02.

“**Series A Maturity Date**” means the date on which the principal of and interest on the Series A Authority Notes and the corresponding Series A District Notes becomes due and payable, being December 30, 2021.

“**Series A Pledged Accounts**” mean, with respect to the Series A Authority Notes, the Series A Costs of Issuance Account, the Proceeds Accounts for each Series of District Notes assigned to the Series A Pool, the Payment Accounts for each Series of District Notes assigned to the Series A Pool, the Series A Interest Accounts and the Series A Principal Accounts.

“**Series A Pool**” means the Pool composed of Series A District Notes assigned to and securing the payment of the Series A Authority Notes.

“**Series A Principal Accounts**” mean the accounts by that name assigned to the Series A Authority Notes established under Section 3.02.

[“**Series A Purchase Agreement**” means the Purchase Agreement by and between the Authority and the Representative related to the Series A Authority Notes.]

“**Series B Authority Notes**” mean the \$ _____ California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series B (Federally Taxable), authorized by, and at any time Outstanding pursuant to, this Indenture.

“**Series B District Notes**” mean the tax and revenue anticipation notes issued by the Participants in the respective Series and aggregate principal amounts, as described in Schedule I hereto and assigned to the Series B Pool securing the Series B Authority Notes.

“Series B Interest Account” means the account by such name assigned to Series B Authority Notes established under Section 3.02.

“Series B Maturity Date” means the date on which the principal of and interest on the Series B Authority Notes and the corresponding Series B District Notes becomes due and payable, being December 30, 2021.

“Series B Pledged Accounts” mean, with respect to the Series B Authority Notes, the Proceeds Accounts for each Series of District Notes assigned to the Series B Pool, the Payment Accounts for each Series of District Notes assigned to the Series B Pool, the Series B Interest Account and the Series B Principal Account.

“Series B Pool” means the Pool composed of Series B District Notes assigned to and securing the payment of the Series B Authority Notes.

“Series B Principal Account” means the account by that name assigned to the Series B Authority Notes established under Section 3.02.

[**“Series B Purchase Agreement”** means the Purchase Agreement by and between the Authority and the Representative related to the Series B Authority Notes.]

“Series of Authority Notes” and **“Authority Notes of a Series”** means each Series of Authority Notes.

“Series of District Notes” and **“District Notes of a Series”** means each Series of District Notes.

[**“Series __ Investment Agreement”** means that certain investment agreement, if any, identified in the Confirmation of Pricings relating to the Series __ District Notes assigned to the Series __ Pool securing the Series __ Authority Notes pursuant to which net proceeds of all or a portion of the Series __ Authority Notes are to be invested, as executed and delivered by the Trustee on behalf of each of the applicable Participants with Series __ District Notes.]

“State Aid Subject to Apportionment” means the State apportionment comprised of: (a) for K-12 Participants, the amount of funding a K-12 Participant receives from the State School Fund from the principal apportionment determined pursuant to Education Code Section 14041, and (b) for Community College Participants, the amount of funding a CCD Participant receives from the State School Fund from the principal apportionment determined pursuant to Education Code Section 84750, and (c) other categorical programs that are funded by the State School Fund designated for apportionment to a K-12 Participant or CCD Participant.

“State Controller” means the California State Controller.

“State School Fund” means the State fund where local educational agencies, including the K-12 Participants and CCD Participants, receive principal apportionment funds.

“**Supplemental Indenture**” means any indenture approved by the Authority in accordance with Article IX of this Indenture amending or supplementing this Indenture or any Supplemental Indenture, or providing for the issuance of Additional Authority Notes.

“**Tax Certificate**” has the meaning ascribed thereto under Section 6.04(a) hereof.

“**Tax-Exempt Notes**” means Authority Notes, the interest on which is intended to be excluded from the gross income of the holders thereof for federal income tax purposes, including the Series A-1 Authority Notes.

“**Taxable Notes**” means Authority Notes not issued as Tax-Exempt Notes, including the Series A-2 Authority Notes and the Series B Authority Notes.

“**Trustee**” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, at its principal corporate trust office in San Francisco, California, or any other bank or trust company at its principal corporate trust office which may at any time be substituted in its place, as trustee under this Indenture.

Section 1.02. Indenture Constitutes a Contract; Obligation of Indenture and Authority Notes. In consideration of the purchase and acceptance of any and all of each Series of the Authority Notes authorized to be issued under this Indenture by those who shall hold the same from time to time:

(a) this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee, and the Owners from time to time of the corresponding Series of Authority Notes;

(b) subject to the provisions of Section 5.01(c) hereof, the pledge of the Series A Pledged Accounts and the Series B Pledged Accounts and the other moneys, rights and interests made in this Indenture in Section 1.03(a), (b) and (c) and Section 5.01 hereof and the related covenants and agreements set forth in this Indenture to be performed by and on behalf of the Authority shall be for the equal and ratable benefit, protection and security of the Owners of any and all of the Series A Authority Notes and the Series B Authority Notes, respectively, all of which regardless of the time or times of their issue or maturity shall be of equal rank without preference, priority or distinction of any of such Series A Authority Notes or Series B Authority Notes over any other thereof of such Series; and each Series A Authority Note and Series B Authority Note, respectively, shall be a special obligation of the Authority payable solely from the moneys, rights and interest pledged for payment of the Series A Authority Notes or Series B Authority Notes, as applicable, in Section 1.03(a), (b) and (c) and Section 5.01 hereof; and

(c) subject to the provisions of Section 5.01(c) hereof, the pledge of the Additional Series Pledged Accounts and the other moneys, rights and interests made in this Indenture in Section 1.03(d) and Section 5.01 hereof and the related covenants and agreements set forth in this Indenture to be performed by and on behalf of the Authority shall be on a Series by Series basis, for the equal and ratable benefit, protection and security of the Owners of any and all Additional Authority Notes of such Series, all of which regardless of the time or times of their issue or maturity/maturities shall be of equal rank without preference, priority or distinction of any

Additional Authority Note of such Series over any other Additional Authority Notes of the same Series; and each Additional Authority Note of a Series shall be a special obligation of the Authority payable solely from the moneys, rights and interest pledged for payment of the Additional Authority Notes of such Series in Section 1.03(d) and 5.01 hereof.

Section 1.03. Pledge Effected by Indenture.

(a) Series A-1 Authority Notes: Subject to the provisions of this Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in this Indenture, including the provisions of Section 5.01(c) hereof, there are hereby pledged for the payment of the principal of and interest on the Series A-1 Authority Notes in accordance with their terms and the provisions of this Indenture, and the Trustee, as trustee on behalf of the Owners, is hereby granted an express lien on, the proceeds of such Series A-1 Authority Notes, all moneys on deposit in the Series A-1 Pledged Accounts (other than in the Rebate Fund) credited by or pursuant to this Indenture, including the investments thereof (if any) other than investments which are to be deposited into the Rebate Fund, the rights and interest of the Authority in and to the Debt Service Payments on the Series A-1 District Notes assigned to the Series A Pool, the rights and interests of the Authority under the MOUs, the documents evidencing and securing the same, the Series A-1 District Notes and the collections received therefrom by the Authority or the Trustee on its behalf, and any and all other property of any kind from time to time hereafter pledged as additional security for the Series A-1 Authority Notes under this Indenture by a Supplemental Indenture, by delivery or by writing of any kind of the Authority or by any person on its behalf. The pledge and lien of this Section 1.03(a) is created and established to secure the payment of the principal of and interest on the Series A-1 Authority Notes in accordance with the terms and the provisions of this Indenture.

(b) Series A-2 Authority Notes: Subject to the provisions of this Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in this Indenture, including the provisions of Section 5.01(c) hereof, there are hereby pledged for the payment of the principal of and interest on the Series A-2 Authority Notes in accordance with their terms and the provisions of this Indenture, and the Trustee, as trustee on behalf of the Owners, is hereby granted an express lien on, the proceeds of such Series A-2 Authority Notes, all moneys on deposit in the Series A-2 Pledged Accounts credited by or pursuant to this Indenture, including the investments thereof (if any), the rights and interest of the Authority in and to the Debt Service Payments on the Series A-2 District Notes assigned to the Series A Pool, the rights and interests of the Authority under the MOUs, the documents evidencing and securing the same, the Series A-2 District Notes and the collections received therefrom by the Authority or the Trustee on its behalf, and any and all other property of any kind from time to time hereafter pledged as additional security for the Series A-2 Authority Notes under this Indenture by a Supplemental Indenture, by delivery or by writing of any kind of the Authority or by any person on its behalf. The pledge and lien of this Section 1.03(a) is created and established to secure the payment of the principal of and interest on the Series A-2 Authority Notes in accordance with the terms and the provisions of this Indenture.

(c) Series B Authority Notes: Subject to the provisions of this Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in this Indenture, including the provisions of Section 5.01(c) hereof, there are hereby pledged for the payment of the

principal of and interest on the Series B Authority Notes in accordance with their terms and the provisions of this Indenture, and the Trustee, as trustee on behalf of the Owners, is hereby granted an express lien on, the proceeds of such Series B Authority Notes, all moneys on deposit in the Series B Pledged Accounts credited by or pursuant to this Indenture, including the investments thereof (if any) other than investments which are to be deposited into the Rebate Fund, the rights and interest of the Authority in and to the Debt Service Payments on the Series B District Notes assigned to the Series B Pool, the rights and interests of the Authority under the MOUs, the documents evidencing and securing the same, the Series B District Notes and the collections received therefrom by the Authority or the Trustee on its behalf, and any and all other property of any kind from time to time hereafter pledged as additional security for the Series B Authority Notes under this Indenture by a Supplemental Indenture, by delivery or by writing of any kind of the Authority or by any person on its behalf. The pledge and lien of this Section 1.03(a) is created and established to secure the payment of the principal of and interest on the Series B Authority Notes in accordance with the terms and the provisions of this Indenture.

(d) Each Series of Additional Authority Notes: Subject to the provisions of this Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in this Indenture, including the provisions of Section 5.01(c) hereof, there are hereby pledged for the payment of the principal of and interest on each Series of Additional Authority Notes in accordance with their terms and the provisions of this Indenture and the applicable Supplemental Indenture, and the Trustee, as trustee on behalf of the Owners, is hereby granted an express lien on, the proceeds of such Series of Additional Authority Notes, all moneys on deposit in the Additional Series Pledged Accounts (other than in the Rebate Fund) relating to such Series of Additional Authority Notes credited by or pursuant to this Indenture, including the investments thereof (if any) other than investments which are to be deposited into the Rebate Fund, the rights and interest of the Authority in and to the Debt Service Payments on the corresponding Series of Additional District Notes assigned to the Additional Pool securing such Series of Additional Authority Notes, the documents evidencing and securing the same, the Series of Additional District Notes and the collections received therefrom by the Authority or the Trustee on its behalf, and any and all other property of any kind from time to time hereafter pledged as additional security for such Series of Additional Authority Notes under this Indenture by a Supplemental Indenture, by delivery or by writing of any kind of the Authority or by any person on its behalf. The pledge and lien of this Section 1.03(d) is created and established to secure the payment of the principal of and interest on such Series of Additional Authority in accordance with the terms and the provisions of this Indenture and the applicable Supplemental Indenture.

ARTICLE II

CONDITIONS AND TERMS OF AUTHORITY NOTES

Section 2.01. Initial Issuance of Authority Notes. The Authority Notes to be issued under this Indenture are hereby created initially in three Series or tranches consisting of the Series A-1, Series A-2 and Series B Authority Notes. The Authority may at any time issue Additional Authority Notes pursuant to a Supplemental Indenture upon satisfaction of the conditions precedent set forth in Section 2.11 hereof.

The Series A-1 Authority Notes are designated as the “California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-1 (Tax-Exempt).” The aggregate principal amount of Series A-1 Authority Notes which may be issued and Outstanding under this Indenture shall be _____ dollars (\$ _____), exclusive of Authority Notes executed and authenticated as provided in Section 2.09. The Trustee is hereby authorized and directed to authenticate the Series A-1 Authority Notes in the aggregate principal amount of _____ dollars (\$ _____). The Series A-1 Authority Notes shall be initially delivered in the form of one Series A-1 Authority Note for the full principal amount thereof and shall be registered in the name of “Cede & Co.,” as nominee of DTC.

The Series A-2 Authority Notes are designated as the “California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-2 (Federally Taxable).” The aggregate principal amount of Series A-2 Authority Notes which may be issued and Outstanding under this Indenture shall be _____ dollars (\$ _____), exclusive of Authority Notes executed and authenticated as provided in Section 2.09. The Trustee is hereby authorized and directed to authenticate the Series A-2 Authority Notes in the aggregate principal amount of _____ dollars (\$ _____). The Series A-2 Authority Notes shall be initially delivered in the form of one Series A-2 Authority Note for the full principal amount thereof and shall be registered in the name of “Cede & Co.,” as nominee of DTC.

The Series B Authority Notes are designated as the “California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series B (Federally Taxable).” The aggregate principal amount of Series B Authority Notes which may be issued and Outstanding under this Indenture shall be _____ dollars (\$ _____), exclusive of Authority Notes executed and authenticated as provided in Section 2.09. The Trustee is hereby authorized and directed to authenticate the Series B Authority Notes in the aggregate principal amount of _____ dollars (\$ _____). The Series B Authority Notes shall be initially delivered in the form of one Series B Authority Note for the full principal amount thereof and shall be registered in the name of “Cede & Co.,” as nominee of DTC.

Any Additional Authority Notes shall be designated as provided in the Supplemental Indenture pursuant to which such Additional Authority Notes are to be issued. The aggregate principal amount of Additional Authority Notes which may be issued under this Indenture shall be limited as provided in such Supplemental Indenture.

Section 2.02. Denominations, Medium and Method and Place of Payment and Dating of Authority Notes. The Authority Notes shall be prepared in the form of fully registered notes in denominations of five thousand dollars (\$5,000) or any integral multiple thereof. The interest on and principal of the Authority Notes shall be payable in lawful money of the United States of America. The interest on the Authority Notes shall be payable on the applicable Maturity Dates, and the principal of the Authority Notes shall be payable on the applicable Maturity Date thereof upon surrender thereof by the respective Owners thereof at the Principal Office of the Trustee. The Trustee may treat the Owner of any Authority Note as the absolute owner of such Authority Note for all purposes, whether or not such Authority Note shall be overdue, and the

Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest on and principal of such Authority Note shall be made only to such Owner as above provided, which payments shall be valid and effectual to satisfy and discharge the liability on such Authority Note to the extent of the sum or sums so paid. All Authority Notes paid pursuant to the provisions of this section shall be cancelled and destroyed by the Trustee and shall not be redelivered and a certificate of destruction shall be delivered to the Authority.

Each Authority Note shall be dated the date of its initial issuance.

Section 2.03. Terms of the Authority Notes. (a) Terms of the Series A-1, Series A-2 and Series B Authority Notes. Each Series A-1 Authority Note shall mature on the Series A Maturity Date, shall bear interest at the rate of _____ percent (____%), payable on the Series A Maturity Date, upon surrender of the Series A Authority Note by the Owner thereof, at the Principal Office of the Trustee.

Each Series A-2 Authority Note shall mature on the Series A Maturity Date, shall bear interest at the rate of _____ percent (____%), payable on the Series A Maturity Date, upon surrender of the Series A Authority Note by the Owner thereof, at the Principal Office of the Trustee.

Each Series B Authority Note shall mature on the Series B Maturity Date, shall bear interest at the rate of _____ percent (____%), payable on each Series B Maturity Date, upon surrender of the Series B Authority Note by the Owner thereof, at the Principal Office of the Trustee.

The interest payable on the Series A Authority Notes and the Series B Authority Notes shall be computed on the basis of a 360- day year of twelve 30-day months.

The Series A Authority Notes and the Series B Authority Notes shall not be subject to prepayment or redemption prior to their respective Maturity Dates.

(b) Terms of Additional Authority Notes. The maturity date or dates, interest rate or rates, interest payment date or dates, computation of interest, and redemption or prepayment provisions applicable to any Series of Additional Authority Notes shall be determined by the Authority at the time of issuance thereof pursuant to the Supplemental Indenture under which such Series of Additional Authority Notes are issued. Principal of and interest on such Series of Additional Authority Notes shall be payable in such manner as may be specified in such Supplemental Indenture.

Section 2.04. Form of Authority Notes. The Authority Notes and the form of assignment to appear thereon shall be in substantially the forms in Exhibit A hereto, with appropriate or necessary insertions, omissions and variations as permitted or required thereby or hereby. The Authority Notes may be prepared in typewritten, lithographed or printed form.

Section 2.05. Execution of Authority Notes. The Authority Notes shall be executed by the Chairperson of the Authority, or by such other persons as shall have been authorized by resolution of the Authority to execute and attest the Authority Notes, by manual or facsimile signature and shall be authenticated by the Trustee by the manual signature of an

authorized officer of the Trustee. The Authority Notes may, but need not bear the seal of the Authority, if any.

Section 2.06. Transfer and Exchange of Authority Notes. All Authority Notes are transferable or exchangeable by the Owner thereof, in person or by his attorney duly authorized in writing, at the Principal Office of the Trustee in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07, upon surrender of such Authority Notes accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Trustee. Whenever any Authority Note or Authority Notes shall be surrendered for transfer or exchange, the Trustee shall execute and deliver a new Authority Note or Authority Notes of the same Series and of authorized denominations representing the same aggregate principal amount, except that the Trustee shall require the payment by any Owner requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. All Authority Notes surrendered pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

Section 2.07. Registration Books. The Trustee will keep at its Principal Office sufficient books for the registration of the ownership, transfer or exchange of the Authority Notes, which books shall be available for inspection by the Authority, the Participants or any Owner or his agent duly authorized in writing at reasonable hours and under reasonable conditions during regular business hours upon reasonable prior notice; and upon presentation for such purpose the Trustee shall, under such reasonable regulations as it may prescribe, register the ownership, transfer or exchange of the Authority Notes in such books as hereinabove provided. The ownership of any Authority Notes may be proved by the books required to be kept by the Trustee pursuant to the provisions of this section.

Section 2.08. Temporary Authority Notes. The Authority Notes may be initially delivered in temporary form exchangeable for definitive Authority Notes of like Series when ready for delivery, which temporary Authority Notes shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Authority, shall be in fully registered form and shall contain such reference to any of the provisions hereof as may be appropriate. Every temporary Authority Note shall be executed and delivered by the Authority and authenticated by the Trustee upon the same conditions and terms and in substantially the same manner as definitive Authority Notes. If the Authority executes and delivers and the Trustee authenticates temporary Authority Notes, it will prepare and authenticate definitive Authority Notes without delay, and in that case, upon demand of the Owner of any temporary Authority Notes, such definitive Authority Notes shall be exchanged without cost to such Owner for temporary Authority Notes at the Principal Office of the Trustee upon surrender of such temporary Authority Notes, and until so exchanged such temporary Authority Notes shall be entitled to the same benefit, protection and security hereunder as the definitive Authority Notes executed and delivered hereunder. All temporary Authority Notes surrendered pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

Section 2.09. Authority Notes Mutilated, Destroyed, Lost or Stolen. If any Authority Note shall become mutilated, the Authority shall execute and deliver and the Trustee shall authenticate a new Authority Note of like tenor and Series in exchange and substitution for the Authority Note so mutilated, but only upon surrender to the Trustee of the Authority Note so

mutilated, and every mutilated Authority Note so surrendered to the Trustee shall be cancelled by it. If any Authority Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Trustee shall authenticate and deliver a new Authority Note of like tenor and Series and principal amount in lieu of and in substitution for the destroyed, lost or stolen Authority Note. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Authority Note authenticated and delivered by it under this section and of the expenses which may be incurred by it under this section. Any replacement Authority Note executed and delivered under the provisions of this section in lieu of and in substitution for any mutilated, destroyed, lost or stolen Authority Note shall be equally and proportionately entitled to the benefit, protection and security hereof with all other Authority Notes of the same Series executed and delivered hereunder; and the Trustee shall not be required to treat both the original Authority Note and any replacement Authority Note as being Outstanding for the purpose of determining the principal amount of Authority Notes which may be executed and delivered hereunder or for the purpose of determining any percentage of Authority Notes Outstanding hereunder, but both the original and the replacement Authority Note shall be treated as one and the same. Notwithstanding any other provisions of this section, rather than executing and delivering a new Authority Note for a mutilated, destroyed, lost or stolen Authority Note the corresponding Maturity Date of which has occurred or is about to occur, the Trustee may make payment of the principal evidenced and represented by such mutilated, destroyed, lost or stolen Authority Note directly to the Owner thereof under such regulations as the Trustee may prescribe.

Section 2.10. Special Covenants as to Book-Entry Only System.

(a) Except as otherwise provided in subsections (b) and (c) of this Section 2.10, each Series of Authority Notes initially executed and delivered hereunder shall be registered in the name of Cede & Co., as nominee for DTC, or such other nominee as DTC may request. Payment of the principal of and interest on each Authority Note registered in the name of Cede & Co. shall be made to the account, in the manner and at the address indicated in or pursuant to the Representation Letter delivered to DTC by the Authority.

(b) Each Series of Authority Notes issued hereunder shall be initially in the form of a single authenticated fully registered note for the full principal amount of such Series of Authority Notes. Upon initial execution of the respective Series of Authority Notes, the ownership of all such Authority Notes shall be registered in the registration records maintained by the Trustee pursuant to Section 2.07 in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC may request. The Trustee, the Authority and the Participants may treat DTC (or its nominee) as the sole and exclusive Owner of the Authority Notes registered in its name for the purposes of payment of the principal of and interest on such Authority Notes, selecting any Authority Notes or portions thereof to be prepaid, giving any notice permitted or required to be given to an Owner under this Indenture, registering the transfer of Authority Notes, obtaining any consent or other action to be taken by the Owners and for all other purposes whatsoever; and neither the Trustee, the Authority nor the Participants shall be affected by any notice to the contrary. Neither the Trustee, the Authority nor the Participants shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 2.10, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Authority Notes

under or through DTC or any Participant, or any other person which is not shown on the registration records as being an Owner, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or interest represented by such Authority Notes, (iii) any notice which is permitted or required to be given to the Owners under this Indenture, (iv) the selection by DTC or any Participant of any person to receive payment in the event, if any, of a partial redemption of the Authority Notes, or (v) any consent given or other action taken by DTC as Owner. The Trustee shall pay all principal of and premium, if any, and interest on the applicable Series of Authority Notes only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the applicable Series of Authority Notes will be transferable to such new nominee in accordance with subsection (f) of this Section 2.10.

(c) In the event that the Authority determines that it is in the best interests of the beneficial owners of the Authority Notes of any Series that they be able to obtain certificates, the Trustee shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of Authority Notes of such Series. In such event, the Authority Notes of such Series will be transferable in accordance with subsection (f) of this Section 2.10. DTC may determine to discontinue providing its services with respect to the Authority Notes of any Series at any time by giving written notice of such discontinuance to the Authority or the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Authority Notes of such Series will be transferable in accordance with subsection (f) of this Section 2.10. Whenever DTC requests the Authority or the Trustee to do so, and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Authority Notes of such Series then Outstanding. In such event, the Authority Notes of such Series will be transferable to such securities depository in accordance with subsection (f) of this Section 2.10, and thereafter, all reference in this Indenture to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as all Authority Notes of a Series Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal and interest represented by each such Series of Authority Notes and all notices with respect to each such Series of Authority Notes shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) The Authority shall have executed and delivered the Representation Letter and, in connection with any successor nominee for DTC and any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Indenture.

(f) In the event that any transfer or exchange of any Series of Authority Notes is authorized under subsection (b) or (c) of this Section 2.10, such transfer or exchange shall be accomplished upon receipt by the Trustee from the Owner thereof of the Authority Notes of the Series to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Section 2.06. In the event any Series

of Authority Notes are issued to Owners other than Cede & Co., its successor as nominee for DTC as Owner of all such Series of Authority Notes, another securities depository as Owner of all such Series of Authority Notes, or the nominee of such successor securities depository, the provisions of Section 2.02, 2.03 and 2.06 shall also apply to, among other things, the registration, exchange and transfer of such Series of Authority Notes and the method of payment of principal of, premium, if any, and interest on such Series of Authority Notes.

Section 2.11. Issuance of Additional Authority Notes. The Authority may at any time issue a Series of Additional Authority Notes pursuant to a Supplemental Indenture, secured by and payable from an Additional Pool separate and distinct from all other Pools constituted hereunder and consisting of a Series of Additional District Notes that have not been assigned to any other Pool, secured by a pledge of and charge and lien upon such Additional Pool and the other security provided by Section 1.03(d) herein, which pledge, charge and lien shall be separate and distinct from any previously granted pledge, charge and lien securing any other Series of Outstanding Authority Notes theretofore issued hereunder, and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Series of Additional Authority Notes:

(a) The Authority shall be in compliance with all agreements and covenants contained herein.

(b) Each Participant that is seeking to issue a Series of Additional District Notes in connection with such Series of Additional Authority Notes and that has previously adopted a Participant Resolution and issued District Notes in connection with one or more prior Series of Outstanding Authority Notes, shall be in compliance with all agreements and covenants contained in each such Participant Resolution, shall not issue Additional District Notes unless such Additional District Notes are issued in compliance with Section 2(B) of such Participant Resolution, and shall not have issued any tax and revenue anticipation notes relating to the 2020-2021 fiscal year except (i) in connection with the Program under such Participant Resolution, or (ii) notes secured by a pledge of its unrestricted revenues that is subordinate in all respects to the pledge of unrestricted revenues under such Participant Resolution, and no Event of Default shall have occurred and be continuing with respect to any such outstanding previously issued notes or Series of District Notes.

(c) The aggregate principal amount of Authority Notes issued and at any time Outstanding hereunder shall not exceed any limit imposed by law, by this Indenture or by any Supplemental Indenture.

(d) Whenever the Authority shall determine to execute and deliver any Series of Additional Authority Notes pursuant to this Section 2.11, the Authority and the Trustee shall enter into a Supplemental Indenture providing for the issuance of such Series of Additional Authority Notes, specifying the maximum principal amount thereof and prescribing the terms and conditions thereof. The Supplemental Indenture shall prescribe the form or forms of such Series of Additional Authority Notes and shall provide for the distinctive designation, denominations, method of numbering, dates, interest rates and places of payment of principal and interest. The Supplemental Indenture may contain any other provision authorized or not prohibited by this Indenture relating to such Series of Additional Authority Notes.

(e) Before such Series of Additional Authority Notes shall be issued, the Authority shall file or cause to be filed the following documents with the Trustee:

(1) An Opinion of Counsel to the effect that (A) such Additional Authority Notes constitute the valid and binding obligations of the Authority, (B) such Additional Authority Notes are special obligations of the Authority and are payable from interest and principal payments made by the applicable Participants on their respective corresponding District Notes, and (C) the applicable Supplemental Indenture has been duly executed and delivered by, and constitutes the valid and binding special obligation of, the Authority.

(2) A Certificate of the Authority and each Participant whose District Notes will secure such Series of Additional Authority Notes certifying as to the incumbency of its officers and stating that the requirements of this Section 2.11 have been met.

(3) A certified copy of the Participant Resolution and any supplemental Participant Resolution, if applicable, of each Participant that is seeking to issue a Series of Additional District Notes authorizing the issuance thereof.

(4) A certified copy of a resolution of the Authority authorizing the execution and delivery of the applicable Purchase Agreement, the applicable District Note Purchase Agreements with the participating Participants, the Supplemental Indenture, and any Additional Investment Agreement, and authorizing the issuance of the Additional Authority Notes.

(5) An executed counterpart or duly authenticated copy of the applicable Purchase Agreement, the applicable District Note Purchase Agreement with each participating Participant, the Supplemental Indenture, or any Additional Investment Agreement.

(6) A Confirmation of Pricing relating to such Series of Additional Authority Notes from each participating Participant.

(7) The executed Series of Additional District Notes and Additional Authority Notes from the issuers thereof.

Upon the delivery to the Trustee of the foregoing instruments and upon the Trustee's receipt of Certificates of each Participant and of the Authority stating that all applicable provisions of this Indenture have been complied with (so as to permit the issuance of the Series of Additional Authority Notes in accordance with the Supplemental Indenture then delivered to the Trustee), the Trustee shall authenticate and deliver said Additional Authority Notes, in the aggregate principal amount specified in such Supplemental Indenture, to, or upon the Request of, the Authority. Upon execution and delivery by the Authority and authentication by the Trustee, said Additional Authority Notes shall be valid and binding notwithstanding any defects in satisfying any of the foregoing requirements.

ARTICLE III

PROCEEDS OF AUTHORITY NOTES

Section 3.01. Delivery of Authority Notes. The Trustee is hereby authorized to authenticate and deliver the Series A Authority Notes and the Series B Authority Notes to the Representative pursuant to the Purchase Agreement applicable to the Series A Authority Notes and the Series B Authority Notes, upon receipt of a written Request of the Authority, the Series of District Notes comprising the Pool securing the Series A Authority Notes and the Series B Authority Notes and the proceeds of sale of the Series A Authority Notes and the Series B Authority Notes, respectively.

Section 3.02. Establishment of Funds and Accounts; Deposit of Authority Note Proceeds.

(a) The Trustee hereby agrees to establish and maintain hereunder, in trust, the following funds and accounts:

(1) the Costs of Issuance Fund, and therein:

(A) the Series A-1 Costs of Issuance Account,

(B) the Series A-2 Costs of Issuance Account, and

(C) a separate Costs of Issuance Account for each Series of Additional Authority Notes,

(2) the Proceeds Fund, and therein:

(A) a separate Proceeds Account for each Series A-1 District Note assigned to the Series A Pool,

(B) a separate Proceeds Account for each Series A-2 District Note assigned to the Series A Pool, and

(C) a separate Proceeds Account for each Additional District Note assigned to each Additional Pool,

(3) the Pool Interest Fund, and therein:

(A) the Series A-1 Interest Account,

(B) the Series A-2 Interest Account,

(C) the Series B Interest Account, and

(D) a separate Interest Account for each Series of Additional Authority Notes,

- (4) the Pool Principal Fund, and therein:
 - (A) the Series A-1 Principal Account,
 - (B) the Series A-2 Principal Account,
 - (C) the Series B Principal Account, and
 - (D) a separate Principal Account for each Series of Additional Authority Notes,and

(b) The Authority hereby agrees to establish and maintain hereunder, with the Trustee agreeing to act as the agent of the Authority for the establishment and maintenance hereunder, in trust, the following funds and accounts:

- (1) the Authority Note Payment Fund, and therein:

- (A) the Series A-1 Payment Account and therein a separate Payment Subaccount for each Participant with a Series A-1 District Note assigned to the Series A Pool,

- (B) the Series A-2 Payment Account and therein a separate Payment Subaccount for each Participant with a Series A-2 District Note assigned to the Series A Pool,

- (C) the Series B Payment Account and therein a separate Payment Subaccount for each Participant with a Series B District Note assigned to the Series B Pool, and

- (D) a separate Payment Account for each Additional Series of Authority Notes and therein a separate Payment Subaccount for each Participant with an Additional District Note assigned to each Additional Pool,

- (2) the Escrow Fund, and therein:

- (A) the March Series Escrow Account, and therein a separate Escrow Subaccount for each Series B District Note assigned to the Series B Pool funded in the amount of all or a portion of the Estimated June Deferral Amount, and

- (B) a separate Escrow Account for each Additional Series of Authority Notes funded in the amount of all or a portion of the Estimated June Deferral Amount, and therein a separate Escrow Subaccount for each Additional District Note assigned to such Additional Series of Authority Notes.

(c) The proceeds received from the sale of the Series A-1 Authority Notes are to be deposited in the following funds in the following amounts:

Costs of Issuance Fund (Series A-1 Costs of Issuance Account) \$ _____

Proceeds Fund (with deposits to Proceeds Accounts attributable to the Series A-1 District Notes assigned to secure the Series A-1 Authority Notes in the amounts set forth in Schedule II hereto) \$ _____

(d) The proceeds received from the sale of the Series A-2 Authority Notes are to be deposited in the following funds or transferred pursuant to the following notices in the following amounts:

Costs of Issuance Fund (Series A-2 Costs of Issuance Account) \$ _____

Proceeds Fund (with deposits to Proceeds Accounts attributable to the Series A-2 District Notes assigned to secure the Series A-2 Authority Notes in the amounts set forth in Schedule III hereto) \$ _____

To transfer at Closing in accordance with irrevocable instructions provided to the Trustee to pay or prepay lease or debt service payments of District Senior Existing Indebtedness or Senior Loans in the amounts set forth in such irrevocable instructions and in Schedule III hereto) \$ _____

(e) The proceeds received from the sale of the Series B Authority Notes are to be deposited in the following funds in the following amounts:

Series B Escrow Account of the Escrow Fund (with deposits to Escrow Subaccounts attributable to the Series B District Notes assigned to secure the Series B Authority Notes in the amounts set forth in Schedule IV hereto) \$ _____

Section 3.03. Use of Money in the Costs of Issuance Fund, Proceeds Fund, Payment Fund and Escrow Fund.

(a) (1) Costs of Issuance Fund. The moneys in each Cost of Issuance Account in the Costs of Issuance Fund shall be used and withdrawn by the Trustee, to pay the Costs of Issuance of the related Series of Authority Notes upon receipt of a Requisition in substantially the form attached hereto as Exhibit B submitted by the Authority or the Municipal Advisor. In the event the total of any Requisition exceeds the amount then on deposit in the Costs of Issuance Fund, the

Trustee shall promptly notify the Authority of the shortfall, and await further instructions from the Authority.

(2) On the earliest of [September 1, 2021], or on such earlier date upon Request of the Authority, amounts, if any, remaining in the Series A-1 or Series A-2 Costs of Issuance Accounts and not required to pay identified Costs of Issuance for the Series A-1, Series A-2 and Series B Authority Notes specified in writing by the Municipal Advisor to the Trustee, including any initial or additional fees or expenses of the Trustee, shall be transferred to the Authority Note Payment Fund and credited to the Payment Accounts (and subaccounts therein) attributable to the applicable Series of District Notes assigned to secure the Series A Authority Notes and Series B Authority Notes, in proportion to the amounts initially deposited in the Costs of Issuance Accounts from proceeds of the Series A Authority Notes and Series B Authority Notes attributable to each Participant, as set forth in a certificate of the Municipal Advisor submitted to the Trustee.

(3) On the date set forth in the applicable Supplemental Indenture relating to a Series of Additional Authority Notes, amounts, if any, remaining in the Costs of Issuance Account relating to such Series of Additional Authority Notes and not required to pay identified Costs of Issuance for such Series of Additional Authority Notes specified in writing by the Municipal Advisor to the Trustee, including any initial or additional fees or expenses of the Trustee, shall be transferred to the Authority Note Payment Fund and credited to the Payment Accounts therein attributable to the corresponding Series of Additional District Notes assigned to secure such Series of Additional Authority Notes, in proportion to the amounts initially deposited in such Costs of Issuance Account from the proceeds of such Series of Additional Authority Notes attributable to each Participant, as set forth in a certificate of the Municipal Advisor submitted to the Trustee.

(b)(1) Proceeds Fund. All money in the Proceeds Fund shall be transferred by the Trustee at Closing as directed by the Authority. The Trustee shall establish an account in the Proceeds Fund for each Series of District Notes of each Participant assigned to a Pool (each a “Proceeds Account”). Funds in the Proceeds Fund shall be credited to the Proceeds Account attributable to the applicable Series of District Notes in amounts set forth in Schedules II, III and IV hereto with respect to the Series A District Notes and Series B District Notes, and as subsequently set forth in the applicable Supplemental Indenture with respect to each Series of Additional District Notes.

(2) Moneys in each Proceeds Account shall be disbursed by the Trustee in the name of the Participant to the County Treasury Pool of the Participant that issued the related Series of District Notes at Closing or as soon thereafter as practical, upon receipt of a Certificate of the Authority along with Requisitions in substantially the form attached hereto as Exhibit C submitted by the Authority or the Municipal Advisor on behalf of Participants, and shall be used by the Participant for any purpose for which the Participant is authorized to use and expend moneys loaned to it by the Authority under the CSFA Act.

(c) Authority Note Payment Fund. The Trustee, as agent of the Authority, shall transfer to each Payment Subaccount attributable to a Series of District Notes of a Participant to the corresponding Payment Account of the Authority Note Payment Fund attributable to such Series of District Notes of such Participant, the following:

(1) on or before [the last Business Day] of each Repayment Period designated on the Schedule or Revised Schedule for such Series of District Notes of such Participant (or, with respect to a Series of Additional District Notes, such other day as set forth in the Supplemental Indenture applicable to the corresponding Series of Additional Authority Notes), amounts which are equal to the Payments of the principal and interest due to be paid in each such Repayment Period with respect to such Participant's respective Series of District Notes as designated on the Schedule or Revised Schedule of such respective Series of District Notes, and

(2) any amounts transferred to such Payment Subaccount from excess amounts in the Costs of Issuance Account of the related Series of Authority Notes pursuant to Section 3.03(a) hereof, and

(3) the total amount, if any, remaining in the corresponding Escrow Subaccount attributable to such Series of District Notes of such Participant pursuant to Section 3.03(d), and

(4) other amounts, if any, directed to be intercepted by the State Controller and transferred to the Trustee pursuant to the MOU attributable to such Series of District Notes of such Participant, including Restored Apportionments (as defined in the MOUs) and any other amounts payable by a Participant pursuant to the Participant's Resolution for payment of any of its Series of District Notes.

If on the [last Business Day] of any Repayment Period applicable to such Series of District Notes of such Participant (or, with respect to a Series of Additional District Notes, such other day as set forth in the Supplemental Indenture applicable to the corresponding Series of Additional Authority Notes), the amount in the related Payment Subaccount is less than the aggregate amount required to be transferred pursuant to clause (1) above, the Trustee shall transfer the amount next received from the State Controller on behalf of the Participant equal to the shortfall to the corresponding Payment Subaccount within the Payment Account in the Authority Note Payment Fund on such day of receipt.

(5) Payments made by or on behalf of each Participant with respect to a Series of its District Notes prior to the last Business Day of any Repayment Period and indicated on the Schedule or Revised Schedule relating to such Participant's Series of District Notes for such Series of District Notes shall be credited to the Payment Subaccount related to such Series of District Notes, provided, however, with respect to a Participant that has issued more than one Series of District Notes, that Payments made with respect to a Series of District Notes prior to the last day of any Repayment Period of such Series of District Notes, shall, to the extent of any deficiency with respect to Payments due on any other Series of District Notes of such Participant in any Repayment Period applicable to such other Series of District Notes, be applied to such deficiency and deposited in the Payment Subaccount(s) attributable to such other Series of District Notes of such Participant in accordance with the priority provisions set forth in subsection 11(B) or 11(G), as applicable, of such Participant's Resolution. Amounts deposited in the Authority Payment Fund shall not be available for disbursement to such Participant, except as provided in Section 5.01(j).

Except as expressly provided herein, neither the Authority nor the Trustee shall have any obligation or liability to the Beneficial Owners of the Authority Notes with respect to payment of principal of or interest on the District Notes or the observance or performance by any Participant

of any obligations or agreements or the exercise of any rights under the respective Participant Resolutions.

(d) Escrow Fund. All moneys in the Escrow Fund shall be deposited by the Trustee at Closing as directed by the Authority. The Trustee shall establish an account in the Escrow Fund for each Series of Authority Notes related to a Pool with an Estimated June Deferral Amount (each an “Escrow Account”), and therein a subaccount for each Participant with a District Note assigned to a Pool with an Estimated June Deferral Amount (each an “Escrow Subaccount”). The portion of District Note Proceeds reflecting the Estimated June Deferral Amounts for such Participant will be sequestered into an Escrow Subaccount held by the Trustee in the name of each Participant. Funds in the Series B Escrow Account shall be credited to the Escrow Subaccounts attributable to the Series B District Notes in amounts set forth in Schedule IV hereto reflecting the Estimated June Deferral Amounts with respect to each such Series B District Notes, and for subsequent Escrow Accounts, as set forth in the applicable Supplemental Indenture with respect to each Series of Additional District Notes with an Estimated June Deferral Amount.

The amounts on deposit in the Escrow Fund shall be [invested by the Trustee as agent of the Authority in SMIF set forth in clause (9) of the definition of Permitted Investments herein] until the Escrow Release Date. Prior to the Escrow Release Date, the Authority will provide the Trustee with instructions indicating the Released Escrow Amounts for each Escrow Subaccount. On the Escrow Release Date, the Trustee, as agent of the Authority, shall transfer in the name of the Participant for deposit in its County Treasury Pool the applicable Released Escrow Amount upon receipt of a Requisition in substantially the form attached hereto as Exhibit D submitted by the Authority or the Municipal Advisor on behalf of Participants. The amount remaining in the Series B Escrow Account following the Escrow Release Date, if any, shall be transferred by the Trustee to the corresponding Participant’s Payment Subaccount as a credit towards the payment on such Participant’s Series B District Note, and as subsequently set forth in the applicable Supplemental Indenture with respect to each Series of Additional District Notes, and each Escrow Account shall be closed.

In addition, with respect to a Participant that has issued several Series of District Notes, the Trustee shall not disburse any moneys from any Escrow Subaccounts related to such Participant if it has received written notice or actual knowledge that an Event of Default has occurred and is continuing under any Participant Resolution or supplemental Participant Resolution, if any, of such Participant.

ARTICLE IV

TRUSTEE’S DUTIES REGARDING DISTRICT NOTES

Section 4.01. Authenticating Agent. The Trustee shall be the authenticating agent for the Participants in connection with the issuance of each Series of District Notes under each Participant Resolution.

Section 4.02. Registrar and Paying Agent. The Trustee shall be the registrar and paying agent for each Series of the District Notes. As long as any Series of District Notes is outstanding under the applicable Participant Resolution, the issuing Participant shall maintain and

keep an office or agency at the Principal Office of the Trustee for making Debt Service Payments on the corresponding Series of District Notes and for the registration and transfer of such Series of District Notes.

Section 4.03. Cancellation of Paid District Notes. Each Series of District Notes, when paid in full, shall be cancelled by the Trustee; provided, however, that each Series of District Notes shall be deemed outstanding and shall not be cancelled by the Trustee until the Owners of the corresponding Series of Authority Notes have been paid in full with respect to such Series of District Notes.

ARTICLE V

DISTRICT NOTE PAYMENTS AND INTERCEPT

Section 5.01. Assignment of District Notes and Intercept. (a) Each Series of District Notes, when issued, shall be identified with a Pool, and, subject to the provisions of this Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in this Indenture, including the provisions of Section 5.01(c) hereof, (i) all right, title and interest of the Authority therein and to all payments thereon, are hereby irrevocably assigned and pledged and transferred to the Trustee for the benefit of the Owners of the corresponding Series of Authority Notes, (ii) the payments on each such Series of District Notes shall be used for the timely payment of the interest on and principal of the corresponding Series of Authority Notes, and (iii) such Series of District Notes shall not be used for any other purpose so long as any of the corresponding Series of Authority Notes remain Outstanding.

(b) Subject to Section 5.01(c) hereof, all payments on a Series of District Notes assigned to a particular Pool shall be applied to payment of the interest on and principal of the corresponding Series of Authority Notes.

(c) Notwithstanding any other provisions of this Indenture, with regard to a Participant that has issued more than one Series of District Notes, to the extent, on any Maturity Date, there is a deficiency with respect to any Series of District Notes of such Participant and to the extent any payment on any Series of District Notes of such Participant is being made from moneys other than the proceeds of a Series of District Notes, the Trustee shall apportion all such Payments received from such Participant, first, on a *pro rata* basis to all Series of District Notes and lastly to any unpaid Costs of Issuance. Moneys in the Payment Subaccount attributed to a Series of District Notes of one Participant shall not be used in any manner (directly or indirectly) to make up any deficiency in the Payment Subaccount attributed to a Series of District Notes of another Participant.

(d) As security for the payment of the principal of and interest on all Series of District Notes, subject to the payment priority provisions set forth above, each Participant has pledged the Pledged Revenues in amounts equal to the Payments representing the principal and interest due with respect to its Series of District Notes at maturity for the corresponding Repayment Periods specified in its Schedule in the Confirmation of Pricing or Revised Schedule. Subject to Section 5.01(c) hereof, and to the extent permitted by law, the assignment, transfer and pledge effected by this section shall constitute a lien on and security interest in the Debt Service Payments of and all

other rights under the District Notes of each Series, including the Pledged Revenues and any other amounts deposited in the respective Payment Accounts (and subaccounts therein) as provided in the related Participant Resolutions, for the foregoing purpose in accordance with Section 1.03 and the terms hereof and shall attach, be perfected and be valid and binding from and after delivery to the Authority of the District Notes of each Series and as applicable, without any physical delivery thereof, notice, filing or further act. Each Participant has approved, and the Trustee hereby accepts, such assignment of the District Notes of each Series, as and when issued.

(e) In order to effect, in part, the pledge provided for in subsection (d) of this Section, each Participant pursuant to its Participant Resolution has agreed to the establishment and maintenance of its Payment Subaccount for each Series of District Notes issued thereunder, and the Trustee was appointed as the responsible agent of the Participant and the Authority to maintain such fund until the payment of the principal of the corresponding Series of District Notes and the interest thereon. Pursuant to its Participant Resolution, each Participant has covenanted and agreed to cause to be deposited directly in its applicable Payment Subaccount in each Repayment Period from (i) the Pledged Revenues, comprising Deferral Amounts, as further described in clause (f) below and (ii) at the Participant's option, Unrestricted Revenues (as defined in the Participant Resolution) during any Repayment Period, an amount equal to the Payments specified in the Schedule in the Confirmation of Pricing or Revised Schedule applicable to such Series of District Notes. Any moneys placed in the Payment Subaccounts attributed to a Series of District Notes shall be for the benefit of the owners of the corresponding Series of Authority Notes. The moneys in the Payment Subaccounts attributed to the Series of District Notes shall be applied only for the purposes for which the Payment Subaccount was created until the principal of such Series of District Notes and all interest thereon are paid or until provision has been made for the payment of the principal of such Series of District Notes at maturity of such Series of District Notes with interest to maturity (in accordance with the requirements for defeasance of the corresponding Series of Authority Notes, as set forth in Article X of this Indenture). If any Participant fails to make the required deposits (or the State Controller deposits are not made on any Participant's behalf), the Trustee shall as soon as practical (but in any event within three Business Days) notify the Authority and such Participant of such failure.

(f) Pursuant to its Participant Resolution, each Participant has elected to participate in the intercept by the State Controller through its Election of funding Payments from Deferral Amounts of each Participant as credit for the Debt Service Payments on the Participant's Series of District Notes. In accordance with the requirements set forth in Section 17199.4 of the California Education Code and to effect the pledge contained in its Participant Resolution and the terms of the MOUs and the Intercept Notices, each Participant has authorized and instructed the State Controller to intercept Funds Subject to Intercept from State Aid Subject to Apportionment equal to the Payments set forth in its Schedule or Revised Schedule to its Intercept Notice, and to transfer such Funds Subject to Intercept to the Trustee for deposit into the applicable Payment Subaccount with a designation to the Trustee of the Payments to be credited for that Participant. Upon such deposit, such funds will be invested by the Trustee or the Authority in such Permitted Investments as directed by the Authority and will not be available to the Participants.

(g) The Trustee shall transmit or cause to be transmitted a monthly statement on a per-Participant basis of all transactions and investments made by or through the Authority and all amounts on deposit with the Authority hereunder, including, in the event that sufficient Funds

Subject to Intercept have not been timely deposited in a Participant's Payment Subaccount in accordance with its Participant Resolution, written confirmation of such event, to the Authority.

(h) All Pledged Revenues, including Debt Service Payments, with respect to each Series of District Notes received by the Trustee, including Funds Subject to Intercept received by the Trustee for the Series of Authority Notes, shall be held in trust by the Trustee under the terms hereof and shall be deposited by it, as and when received, in the applicable Payment Subaccount attributed to the corresponding Series of District Notes in the Authority Note Payment Fund (except as otherwise provided in Section 5.01(c)), which fund the Trustee hereby agrees to maintain so long as any Authority Notes are Outstanding, and all money in such account shall be held in trust by the Trustee for the benefit and security of the Owners of the related Series of Authority Notes, to the extent provided in Section 1.03 and generally herein.

(i) In the event that there have been insufficient Payments received by or attributed to a Participant by the [last Business Day] prior any Repayment Period to permit the deposit into such Participant's Payment Subaccount of the full amount of the Payments required to be deposited with respect to such date, the amount of the deficiency or shortfall shall be carried forward to the following Repayment Period, and the Participant has authorized the Authority, on its behalf, to direct the State Controller to collect the amount of any deficiency and deposit such amount in its Payment Subaccount in such amount as may be directed by the Participant or the Authority on behalf of the Participant, from and when as such Payments are received by or on behalf of the Participant and will deposit said moneys with the Trustee for deposit directly in its Payment Subaccount.

(j) Notwithstanding anything contained herein to the contrary, if the amount on deposit in a Participant's Payment Subaccount attributable to a Series of its District Notes is in excess of the Payments required to pay the principal of and interest due with respect to such Participant's Series of District Notes on the Maturity Date applicable to such Series of District Notes, such excess amounts shall remain in such Payment Subaccount and shall be transferred to such Participant as directed in a Certificate of the Authority no later than [15 Business Days] following (i) payment of the principal of and interest on the Series of Authority Notes corresponding to such Series of District Notes, and (ii) to the extent that such excess amounts do not constitute proceeds of such Series of District Notes, payment of any amounts due with respect to any other Series of District Notes of the Participant in accordance with the priority provisions set forth in Sections 11(D), 11(G) and 20 of such Participant's Resolution, and as otherwise set forth therein.

Section 5.02. Transfer of Money from the Authority Note Payment Fund. The Trustee shall, after the Trustee has made any required apportionments required by Section 5.01(c) hereof, transfer amounts from the money contained in the applicable Payment Accounts (and subaccounts therein) within the Authority Note Payment Fund and attributed to all Series of District Notes assigned to the related Series of Authority Notes at the following respective times to the following respective funds and accounts in the manner hereinafter provided, and the money in each of such funds and accounts shall be disbursed only for the purposes and uses hereinafter authorized:

(a) Interest Accounts in the Pool Interest Fund Relating to Series of Authority Notes. The Trustee, two (2) Business Days prior to the Maturity Date, shall transfer from the applicable

Payment Accounts (and subaccounts therein) to the applicable Interest Account, that amount of money representing the interest becoming due and payable on the related Series of Authority Notes on such Maturity Date. All money in each Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the related Series of Authority Notes on their respective Maturity Dates.

(b) Pool Principal Accounts in the Pool Principal Fund Relating to Series of Authority Notes. The Trustee, two (2) Business Days prior to each Maturity Date, shall, after having made any transfers required to be made pursuant to subsection (a) above, transfer from the applicable Payment Accounts (and subaccounts therein) to the applicable Principal Account, that amount of money representing the principal becoming due and payable on the related Series of Authority Notes on such Maturity Date. All moneys in each Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the related Series of Authority Notes on their respective Maturity Dates.

Section 5.03. Investments. Any money held by the Authority or the Trustee in each Payment Account (and subaccounts therein) attributable to the Series A Authority Notes and Series B Authority Notes, and the Series B Escrow Account (and subaccounts therein) attributable to the Series B Authority Notes, shall, to the fullest extent practicable, be invested in [SMIF set forth in clause (9) of the definition of Permitted Investments herein], and otherwise may be invested (and, upon the Request of the Authority, shall be invested with respect to its corresponding Payment Subaccount, as directed by the Authority) by the Trustee in Permitted Investments which will mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder. To the extent the Trustee has not received any instruction with respect to the investment of funds in a Payment Account attributable to the Series A Authority Notes or the Series B Authority Notes, or the Series B Escrow Account, such amounts shall be invested by the Trustee in a money market fund offered by the Trustee or any of its affiliates meeting the requirements set forth in clause (6) of the definition of Permitted Investments herein.

The amounts held in the several Payment Accounts and the Escrow Accounts will be accounted for separately for the respective Participants. Any money held by the Trustee in the Authority Note Payment Fund attributable to a Series of Additional Authority Notes and in Escrow Accounts attributable to a Series of Additional Authority Notes shall be invested as directed in the Supplemental Indenture pursuant to which such Series of Additional Authority Notes is issued.

The Trustee may act as principal or agent in the acquisition or disposition of any such deposit or investment, and may at its sole discretion, for the purpose of any such deposit or investment, commingle any of the money held by it hereunder except with respect to the accounts in the Authority Note Payment Fund and Escrow Fund attributable to a Series of Additional Authority Notes (which may be commingled with respect to each other, but not with respect to the accounts in such funds attributable to other Series of Authority Notes), or the Rebate Fund (and any accounts therein, established pursuant to Section 6.08 hereof). The Trustee shall not be liable or responsible for any loss suffered in connection with any such deposit or investment made by it under the terms of and in accordance with this section. The Trustee may present for redemption or sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested, and the Trustee shall not be liable or

responsible for any losses resulting from any such deposit or investment presented for redemption or sold.

Other than for the Escrow Fund (and the accounts and subaccounts therein), any interest or profits on such deposits and investments received by the Trustee shall be credited to the fund or account from which such investment was made. Any interest or profits earned by the Series B Escrow Account shall be credited to the applicable Payment Subaccounts attributable to the Series B District Notes in proportion to the amounts initially deposited in the Series B Escrow Accounts from proceeds of the Series B Authority Notes attributable to each Participant, as set forth in a certificate of the Municipal Advisor submitted to the Trustee.

Moneys held by the Trustee in the Costs of Issuance Fund, Pool Interest Fund and Pool Principal Fund, and in the respective accounts therein, shall be invested in Permitted Investments as directed by the Authority. The Trustee shall have no duty to determine whether any investment made hereunder is a lawful investment under the laws of the State of California.

Moneys in the Series A-1 Proceeds Account and Series A-2 Proceeds Account shall be transferred by the Trustee at Closing or as soon thereafter as practical to each Participant pursuant to a Certificate of the Authority, and thereafter invested by the applicable County Treasury of a County in which such Participant is situated in compliance with California Government Code Section 53601.

Moneys in the Rebate Fund shall be invested as specified in Section 6.08.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder as requested by the Authority.

The Trustee or any of its affiliates may act as agent, sponsor or advisor in connection with any investment made by the Trustee hereunder.

ARTICLE VI

COVENANTS

Section 6.01. Compliance with Indenture. The Trustee will not authenticate or deliver any Authority Notes in any manner other than in accordance with the provisions hereof and, if applicable, a Supplemental Indenture; and the Authority will not suffer or permit any default to occur hereunder, but will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it.

Section 6.02. Amendment of District Notes. The Authority and the Trustee will not amend or permit the amendment of any Series of the District Notes without (a) (1) a determination that such amendment does not materially adversely affect the interest of the Owners of the corresponding Series of Authority Notes, or (2) the written consents of the Owners of a

majority in aggregate principal amount of the corresponding Series of Authority Notes then Outstanding, and (b) to the extent any Series of the District Notes will be allocated by the Authority to a Tax-Exempt Series of Authority Notes, an Opinion of Counsel to the effect that such amendment will not cause interest on the corresponding Series of Authority Notes to be includable in gross income for federal income tax purposes; provided that no such amendment shall reduce the rate of interest or amount of principal or extend the time of payment thereof with respect to any Series of District Notes.

In addition to the foregoing, (a) if such Series of District Notes is the second or subsequent Series of District Notes of a Participant and all obligations pertaining to all prior Series of District Notes have not been discharged, the Authority and the Trustee will not amend or permit the amendment of such subsequent Series of District Notes without (i) (A) a determination that such amendment does not materially adversely affect the interest of the Authority Note Owners of the related prior Series of Authority Notes, or (B) the written consents of the Authority Note Owners of the related prior Series of Authority Notes of a majority in aggregate principal amount of each such prior Series of Authority Notes then Outstanding, and (ii) to the extent any Series of the District Notes will be allocated by the Authority to a Tax-Exempt Series of Authority Notes, an opinion of Counsel to the effect that such amendment will not cause interest on each such prior Series of Authority Notes to be includable in gross income for federal income tax purposes, and (b) if such Series of District Notes is the first Series issued by a Participant, and one or more subsequent Series of District Notes has been issued, the Authority and the Trustee will not amend or permit the amendment of the first Series of District Notes without (i) (A) a determination that such amendment does not materially adversely affect the interests of the Authority Note Owners of each such subsequent Series of Authority Notes, or (B) the written consents of the Authority Note Owners of a majority in aggregate principal amount of each such related subsequent Series of Authority Notes then Outstanding, and (ii) to the extent any Series of the District Notes will be allocated by the Authority to a Tax-Exempt Series of Authority Notes, an Opinion of Counsel to the effect that such amendment will not cause interest on each such related subsequent Series of Authority Notes to be includable in gross income for federal income tax purposes.

Section 6.03. Observance of Laws and Regulations. The Authority will faithfully observe and perform all lawful and valid obligations or regulations now or hereafter imposed on it by contract, or prescribed by any, state or national law, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by it, including its right to exist and carry on its business, to the extent that such observance or performance is material to the transactions contemplated hereby.

Section 6.04. Tax Covenants. (a) The Authority covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Authority Tax-Exempt Notes for federal income tax purposes. Without limiting the generality of the foregoing, the Authority covenants that it will comply with the requirements of each Tax Certificate prepared by Note Counsel and executed by the Authority with respect to each separate “issue” of Tax-Exempt Notes (each, a “Tax Certificate”), each of which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of each Series of Authority Notes.

(b) In the event that at any time the Authority is of the opinion that for purposes of this Section 6.04 it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee under this Indenture, the Authority shall so instruct the Trustee under this Indenture in writing, and the Trustee shall act in accordance with such instructions. In addition, the Authority shall pay arbitrage rebate owed to the United States pursuant to Section 6.08 hereof and the applicable Tax Certificate.

(c) Notwithstanding any provisions of this section, if the Authority shall provide to the Trustee an Opinion of Counsel of recognized standing in the field of law relating to municipal bonds that any specified action required under this section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Authority Tax-Exempt Notes or any Series of Authority Tax-Exempt Notes, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section 6.04 and of the applicable Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent. The Trustee makes no covenant, representation or warranty concerning the current or future tax status of interest on the Authority Tax-Exempt Notes.

Section 6.05. Liens. So long as any Authority Notes are Outstanding, the Authority will not create or suffer to be created any pledge of or lien on the District Notes other than the pledge and lien hereof.

Section 6.06. Accounting Records and Statements. The Trustee shall keep proper books of record and account in accordance with corporate trust industry standards in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the District Notes repayments and the proceeds of the District Notes and the Authority Notes. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and shall set forth, in the case of each investment: (a) its purchase price; (b) identifying information, including paramount, coupon rate, and payment dates; (c) the amount received at maturity or its sale price, as the case may be; (d) the amounts and dates of any payments made with respect thereto; and (e) such documentation as is required to be obtained as evidence to establish that all investments have been purchased in arms' length transactions with no amounts paid to reduce the yield on the investments.

Such records shall be open to inspection by the Authority and any Participant at any reasonable time during regular business hours on reasonable notice. Not later than 45 Business Days after the final Maturity Date, and upon retirement of all Authority Notes, the Trustee will furnish to the Participants, the Authority and any Owner who may so request (at the expense of such Owner) a statement (which may be its regular account statements) covering the receipts, deposits and disbursements of the funds hereunder.

Section 6.07. Further Assurances. Whenever and so often as requested to do so by the Trustee or any Owner, the Authority will promptly execute and deliver, or cause to be executed and delivered, all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners the benefit, protection and security conferred, or intended to be conferred, upon them hereby.

Section 6.08. Rebate Fund. (a) The Trustee shall establish and maintain a fund separate from any other fund established and maintained hereunder designated as the Rebate Fund. The Authority shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to each Tax Certificate. Subject to the transfer provisions provided in paragraph (E) below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Amount (as defined in the applicable Tax Certificate), for payment to the federal government of the United States. The Authority, the Participants, and the Owner of any Authority Notes shall have no rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this section and by the applicable Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority including supplying all necessary information in the manner provided in the applicable Tax Certificate, and shall have no liability or responsibility to enforce compliance by the Participants or the Authority with the terms of the applicable Tax Certificate.

(b) Upon the Authority's written direction, an amount shall be deposited to the Rebate Fund and to a special account therein corresponding to the applicable Series of Authority Notes (the "Rebate Fund Subaccount") by the Trustee, if and to the extent required, so that the balance of such Rebate Fund Subaccount after such deposit shall equal the Rebate Amount for the Authority Note Year (as defined in the applicable Tax Certificate) calculated as of the most recent Calculation Date (as defined in the applicable Tax Certificate). Computations of the Rebate Amount shall be furnished by or on behalf of the Authority to the Trustee in accordance with the applicable Tax Certificate.

(c) The Trustee shall have no obligation to pay any amounts required to be paid as arbitrage rebate pursuant to this section, other than from moneys held in the funds and accounts created under this Indenture or from other moneys provided to it by the Participants or the Authority.

(d) The Trustee shall invest all amounts held in the Rebate Fund in Permitted Investments, according to written instructions of the Authority. The Trustee shall deposit all earnings (calculated by taking into account net gains or losses on sales or exchanges and taking into account amortized discount or premium as a gain or loss, respectively) on investments held in a particular Rebate Fund Subaccount into such Rebate Fund Subaccount. Money shall not be transferred from the Rebate Fund except as provided in (e) below.

(e) Upon receipt of the Authority's written directions, the Trustee shall pay the amount it is so directed to pay by the Authority to the United States. In addition, if on the first day of any Authority Note Year the amount credited to a Rebate Fund Subaccount exceeds the Rebate Requirements, if the Authority so directs, the Trustee will deposit moneys into or transfer moneys out of such Rebate Fund Subaccount to the extent of such excess from or into such accounts or funds as directed by the Authority's written directions. Any funds remaining in the Rebate Fund Subaccounts after redemption and payment of all of the Authority Notes and payment and satisfaction of all Rebate Amount pertaining to any Series of Authority Notes shall be withdrawn and remitted to the Authority which shall, in turn, remit such amount to the Participants *pro rata* in accordance with the principal amount of the Participants' corresponding Series of District Notes or as otherwise instructed by Note Counsel.

(f) Notwithstanding any other provision of this Indenture, including in particular Article X hereof, the obligation to pay the Rebate Amounts to the United States and to comply with all other requirements of this section and the applicable Tax Certificate shall survive the defeasance or payment in full of the Authority Notes.

(g) Without limiting the generality of the foregoing, the Authority agrees that it will pay or cause to be paid from time to time all amounts required to be paid to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Authority Notes from time to time. This covenant shall survive payment in full or defeasance of the Authority Notes. The Authority specifically covenants to pay or cause to be paid to the United States at the times and in the amount determined above the Rebate Amounts, as described in the applicable Tax Certificate but only from amounts derived hereunder or from the Participants. The Trustee shall comply with all written instructions of the Authority given in accordance with the Authority's responsibilities under the applicable Tax Certificate. The Trustee shall have no responsibility to research, calculate, or verify any instructions received from the Authority pursuant to the applicable Tax Certificate.

(h) Notwithstanding any provision of this Section, if the Authority shall provide to the Trustee an Opinion of Counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest on the Authority Notes for federal income tax purposes, the Authority and the Trustee may rely conclusively on such opinion in complying with the provisions hereof and such opinion.

ARTICLE VII

DEFAULT AND LIMITATIONS OF LIABILITY

Section 7.01. Action on Default. If any "Event of Default" as defined in a Participant Resolution shall occur and be continuing, then such default shall constitute an "Event of Default" hereunder, and in each and every such case during the continuance of such Event of Default the Trustee or, subject to Section 7.05, the Owners of not less than a majority in aggregate principal amount of the corresponding Series of Authority Notes at the time Outstanding shall be entitled, upon notice in writing to such Participant, to exercise the remedies provided to the Owner of the Series of District Notes then in default or under the Participant Resolution pursuant to which it was issued.

Section 7.02. Other Remedies of the Trustee. The Trustee shall have the right—

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Controller under an MOU, any Participant or any trustee, member, officer or employee thereof, and to compel any such Participant or any such trustee, member, officer or employee thereof to observe or perform its or his duties under applicable law and the agreements, conditions, covenants and terms contained herein, or in the applicable Series of District Notes and Participant Resolution, required to be observed or performed by it or him;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee, the Owners of the corresponding Series of Authority Notes; or

(c) by suit in equity upon the happening of any default hereunder to require any Participant and any trustee, member, officer and employee thereof to account as the trustee of any express trust.

Section 7.03. Non-Waiver. A waiver by the Trustee of any default hereunder or breach of any obligation hereunder shall not affect any subsequent default hereunder or any subsequent breach of an obligation hereunder or impair any rights or remedies on any such subsequent default hereunder or on any such subsequent breach of an obligation hereunder. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default hereunder shall impair any such right or remedy or shall be construed to be a waiver of any such default hereunder or an acquiescence therein, and every right or remedy conferred upon the Trustee by applicable law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee, the Authority or the Participants, then such parties shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 7.04. Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article VII shall be apportioned by the Trustee, after payment of all amounts due and payable under Section 8.03 hereof, in accordance with the priority provisions set forth in Section 8(F) of the applicable Participant's Resolution. Each such apportioned payment shall be deposited into the segregated Payment Subaccounts attributable to the corresponding Series of District Notes of the defaulting Participant in the Authority Note Payment Fund and shall be applied by the Trustee in the following order upon presentation of the several affected Series of Authority Notes, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, Costs and Expenses: to the payment of the costs and expenses of the Trustee and of the Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;

Second, Interest: to the payment to the persons entitled thereto of all payments of interest on the applicable Series of Authority Notes then due in the order of the due date of such payments, and, if the amount available shall not be sufficient to pay in full any payment or payments coming due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Third, Principal: to the payment to the persons entitled thereto of the unpaid principal of the applicable Series of Authority Notes which shall have become due, in the order of their due dates, with interest on the overdue principal and interest on the applicable Series of Authority Notes at a rate equal to the applicable Default Rate and, if the amount

available shall not be sufficient to pay in full all the amounts due with respect to the applicable Series of Authority Notes on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference;

provided, however, that the Trustee shall follow the instructions contained in an Opinion of Counsel provided by the Authority and rebate or set aside for rebate from the specified funds held hereunder any amount pursuant to such instructions required to be paid to the United States of America under the Code.

Section 7.05. Remedies Not Exclusive. No remedy conferred herein upon or reserved herein to the Trustee is intended to be exclusive and all remedies shall be cumulative and each remedy shall be in addition to every other remedy given hereunder or now or hereafter existing under applicable law or equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other applicable law.

The Trustee shall immediately notify DTC (or any successor securities depository), and the Authority of any Event of Default and of the curing of any Event of Default of which a responsible officer of the Trustee has actual knowledge.

Section 7.06. Exercise of Remedies. Upon the exercise by the requisite number of Owners, or the Trustee of its right of action to institute suit directly against a Participant to enforce payment of the corresponding Series of District Notes, any moneys recovered by such action shall be deposited with the Trustee and applied as provided in Section 7.04.

Section 7.07. Limited Liability of the Authority. Except as expressly provided herein, the Authority shall not have any obligation or liability to the Trustee or the Owners with respect to the payment when due of the District Notes by the Participants, or with respect to the observance or performance by the Participants of the other agreements, conditions, covenants and terms contained in the District Notes and the Participant Resolutions (including but not limited to any rebate liability on the District Notes), or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it. Notwithstanding anything to the contrary contained in the Authority Notes, this Indenture or any other document related thereto, the Authority shall not have any liability hereunder or by reason hereof or in connection with any of the transactions contemplated hereby except to the extent payable from moneys received from or with respect to the District Notes and available thereof in accordance with this Indenture. The Authority may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents or attorneys, and the Authority shall not be responsible for any willful misconduct or negligence on the part of any agent (other than an employee) or attorney appointed with due care.

The Authority may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full authorization and protection with respect to any action taken, suffered or omitted by them hereunder in good faith and reliance thereon. The Authority agrees to cause the Participants to pay the fees and expenses of such counsel in connection herewith.

The Authority shall not be charged with notice or knowledge of any default hereunder unless and until a responsible officer of the Trustee or the Authority charged with the administration of this Indenture shall have actual knowledge thereof.

Section 7.08. Limited Liability of the Participants. Except as expressly provided in the respective District Notes and Participant Resolutions, the Participants shall not have any obligation or liability to the Authority, the Trustee or the Owners with respect to this Indenture or the preparation, execution, delivery, transfer, exchange or cancellation of the Authority Notes or the receipt, deposit or disbursement of the principal of and interest on the District Notes by the Trustee, or with respect to the performance by the Trustee of any obligation contained herein required to be performed by it.

Notwithstanding anything to the contrary herein or in any District Notes or document referred to herein, no Participant shall incur any obligation under Article VII, Section 3.03(b), Section 5.01, or otherwise hereunder, except to the extent payable from unencumbered revenues attributable to its Fiscal Year, nor shall any Participant incur any obligation on account of any default, action or omission of any other Participant.

Section 7.09. Limited Liability of the Trustee. Except as expressly provided herein, the Trustee shall not have any obligation or liability to the Owners with respect to the payment when due of the District Notes by the Participants, or with respect to the observance or performance by the Participants of the other agreements, conditions, covenants and terms contained in the District Notes and the Participant Resolutions.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Employment and Duties of the Trustee. The Authority appoints and employs the Trustee to receive deposit and disburse the proceeds of and payments on the District Notes as provided herein, to register, authenticate, deliver, transfer, exchange and cancel the Authority Notes as provided herein, to pay the interest on and principal of the Authority Notes to the Owners thereof as provided herein and to perform the other obligations of the Trustee, and to exercise the remedies contained herein, all in the manner provided herein and subject to the conditions and terms hereof. By executing and delivering this Indenture, the Trustee undertakes to perform such obligations and covenants that it shall faithfully observe and perform all of the conditions, covenants and requirements of this Indenture, that it shall not pledge, assign, subject to any lien, or otherwise encumber the related District Notes or any interest therein other than as contemplated by this Indenture and that it shall hold the related District Notes for the sole benefit of the Owners until the Maturity Date of the applicable Series of Authority Notes. The Trustee covenants that it shall duly and punctually pay or cause to be paid principal of and interest on the applicable Series of Authority Notes on its Maturity Date from the payments of principal of, and interest on, the District Notes on deposit in the Payment Fund, that it will not pledge, assign, subject to any lien, or otherwise encumber the Funds Subject to Intercept from the Pledged Revenues received from the Controller on behalf of any Participant, and that it shall apply such payments solely to the payment of the principal of and interest due on the applicable Series of Authority Notes; *provided, however* that the Trustee shall not be required to expend any funds

other than moneys paid by or on behalf of the Participants as and for payments of principal of and interest on the District Notes, including Funds Subject to Intercept and other Pledged Revenues and amounts deposited into the Payment Accounts (and subaccounts therein) and any other moneys lawfully available therefor pursuant to the Participant Resolutions.

Prior to an Event of Default, and after all Events of Default have been cured, the Trustee shall only perform the duties specifically set forth in this Indenture, and no implied duties, covenants or obligations shall be read into this Indenture. During the existence of an uncured Event of Default, the Trustee shall exercise such of the rights and powers vested in it herein and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of personal affairs; provided, however, with respect to any Event of Default caused by a Participant, the Trustee shall only exercise such rights and powers with respect to such Participant.

The Trustee shall bear no responsibility for the recitals contained in this Indenture. The Trustee makes no representation regarding the security for the Authority Notes or the tax status of the interest thereon.

Section 8.02. Removal and Resignation of the Trustee. The Authority may at any time remove the Trustee by giving written notice of such removal by mail to the Trustee, all of the Participants, and all Owners of Authority Notes, and the Trustee may at any time resign by giving written notice by mail of resignation to the Authority, the Participants, and all Owners of Authority Notes. Upon giving any such notice of removal or upon receiving any such notice of removal or resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing; provided, that if the Authority does not appoint a successor Trustee within sixty (60) days following the giving of any such notice of removal or the receipt of any such notice of resignation, the removed or resigning Trustee may petition any appropriate court having jurisdiction to appoint a successor Trustee. Any successor Trustee shall be a commercial bank with trust powers or trust company doing business and having a principal corporate trust office either in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least one hundred million dollars (\$100,000,000) and subject to supervision or examination by state or national authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any removal or resignation of a Trustee and appointment of a successor Trustee shall become effective only when the successor Trustee has provided written acceptance of its appointment to the Authority.

Section 8.03. Compensation of the Trustee. The Authority, solely from amounts held in the Costs of Issuance Fund or paid by the Participants specifically for such purpose, shall from time to time, subject to any agreement then in effect with the Trustee, pay the Trustee compensation for its services (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and reimburse the Trustee for all its advances and expenditures hereunder, including, but not limited to, advances to and fees and

expenses of accountants, agents, appraisers, consultants, counsel (including the allocated costs and disbursements of in-house counsel, to the extent such services are not redundant with those provided by outside counsel) or other experts employed by it in the observance and performance of its rights and obligations hereunder; provided, that the Trustee shall not have any lien for such compensation or reimbursement against any money held by it in any of the funds established hereunder, although the Trustee may take whatever legal actions are available to it directly against the Participants to recover such compensation or reimbursement.

Each Participant has agreed in its Participant Resolution to be liable for and pay its *pro rata* portion of the fees and expenses of the Trustee provided for in this section relating to its District Notes and the corresponding Series of Authority Notes. Each Participant has further agreed in its Participant Resolution to jointly and severally indemnify the Trustee and its officers, directors, agents and employees for losses, costs, expenses (including legal fees and expenses) suits, damages, judgments and liabilities incurred by the Trustee hereunder not resulting from Trustee's own negligence or willful misconduct.

Section 8.04. Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding upon any affidavit, bond, Certificate, consent, notice, Request, Requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult with counsel, who may be counsel to the Authority or the Participants, with regard to legal questions arising hereunder, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it hereunder in accordance therewith.

The Trustee shall not be responsible for the sufficiency of the payments on the District Notes, or of the assignment made to it of all rights to receive the payments on the District Notes and shall not be deemed to have knowledge of any Event of Default unless and until a responsible officer has actual knowledge thereof or has received written notice thereof at its principal corporate trust office in Los Angeles, California. The Trustee shall not be accountable for the use or application by the Participants, or any other party, of any funds which the Trustee properly releases to the Participants or which the Participants may otherwise receive from time to time. The Trustee makes no representation concerning, and has no responsibility for, the validity, genuineness, sufficiency, or performance by parties other than the Trustee of this Indenture, any Authority Note, any District Note, any Participant Resolution, or of any other paper or document, or for taking any action on them (except as specifically and expressly stated for the Trustee in this Indenture).

Whenever in the observance or performance of its rights and obligations hereunder or under the Authority Notes the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Authority, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions hereof upon the faith thereof, but in its

discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee and its officers and employees may buy, sell, own, hold and deal in any of the Authority Notes and may join in any action which any Owner may be entitled to take with like effect as if it were not a party hereto. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Participants, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the Participants as freely as if it were not the Trustee hereunder.

The Trustee shall not be liable for the exercise of any of its rights hereunder or for the performance of any of its obligations hereunder or for anything whatsoever in connection with the funds established hereunder, except only for its own willful misconduct or negligence. Absent negligence or willful misconduct, the Trustee shall not be liable for an error of judgment.

No provision hereof shall require the Trustee to expend or risk its own funds or otherwise incur any financial or other liability or risk in the performance of any of its obligations hereunder, or in the exercise of any of its rights hereunder, and before taking any remedial action hereunder the Trustee may require that indemnity satisfactory to it be furnished for all expenses to which it may be put and to protect it, its directors, officers, employees and agents from all liability thereunder. The Trustee may execute any of its trusts or other powers or perform its duties through attorneys, agents or receivers.

The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to any Series of the Authority Notes.

Anything in this Indenture to the contrary notwithstanding, in no event shall the Trustee be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. The Trustee shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term “*force majeure*” means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Agreement and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority, whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee

Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 8.05. Notices to Rating Agencies. The Trustee shall notify S&P, Fitch and Moody's (or whichever one is then rating any Series of the Authority Notes), in writing, upon occurrence of any of the following events: (i) any amendment, supplement or other change to this Indenture from the form originally executed and entered into; (ii) any amendment, supplement or other change to any Participant Resolution (that the Trustee is aware of); (iii) the termination of any Investment Agreement; (iv) the occurrence or curing of any Event of Default; (v) defeasance of the Authority Notes or any Series or portion thereof; and (vi) the tax-exempt status of the Authority Notes has been adversely affected, and the Trustee has received specific notice thereof from the Authority; provided, however, that the Trustee shall incur no liability for failure to so notify.

ARTICLE IX

AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE

Section 9.01. Amendment or Supplement of Indenture. This Indenture and the rights and obligations of the Owners and the Trustee hereunder may be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Authority Notes then Outstanding, exclusive of Authority Notes disqualified as provided in Section 9.02, are filed with the Trustee. No such amendment or supplement shall (1) reduce the rate of interest on any Authority Note or reduce the amount of principal of any Authority Note or extend the Maturity Date applicable to any Series of Authority Notes or modify the payment priority for any Authority Note without the prior written consent of the Owner of the Authority Notes so affected, or

(2) reduce the percentage of Owners whose consent is required by the terms of this Indenture for the execution of certain amendments hereof or supplements hereto, or (3) modify any of the rights or obligations of the Trustee without its prior written consent thereto.

This Indenture and the rights and obligations of the Owners and the Trustee hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution without the written consents of any Owners, in order to make any modifications or changes to Exhibits B, C or D hereto or to make any modifications or changes necessary or appropriate in the Opinion of Counsel to preserve or protect the exclusion from gross income of interest on any or all of the Authority Notes for federal income tax purposes, or, but only to the extent that such amendment shall not materially adversely affect the interests of the Owners, for any purpose including, without limitation, one or more of the following purposes—

(a) to add to the agreements, conditions, covenants and terms contained herein required to be observed or performed by the Authority, other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority, or to surrender any right reserved herein to or conferred herein on the Authority;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained herein or in regard to questions arising hereunder which the Authority may deem desirable or necessary; or

(c) to modify, amend or supplement this Indenture or any supplement hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Authority Notes for sale under the securities laws of the United States of America or of any of the states of the United States of America and, if the Authority or Note Counsel so determine, to add to this Indenture or any supplement hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

This Indenture and the rights and obligations of the Owners and the Trustee hereunder may also be amended or supplemented at any time by an amendment hereof or supplement hereto which shall become binding upon execution without the prior written consent of any Series of Authority Note Owners, for the purpose of issuing and securing one or more Series of Additional Authority Notes.

Section 9.02. Disqualified Authority Notes. Authority Notes held for the account of the Authority or the Participants (but excluding Authority Notes held in any pension or retirement fund of the Participants) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Authority Notes provided herein, and shall not be entitled to consent to or take any other action provided herein, and the Trustee may adopt appropriate regulations to require each Owner, before his consent provided for herein shall be deemed effective, to reveal if the Authority Notes as to which such consent is given are disqualified as provided in this section.

Section 9.03. Endorsement or Replacement of Authority Notes after Amendment or Supplement. After the effective date of any action taken as hereinabove provided,

the Trustee or the Authority may determine that the Authority Notes shall bear a notation by endorsement in form approved by the Trustee as to such action, and in that case upon demand of the Owner of any Outstanding Authority Note and presentation of the Authority Note for such purpose at the office of the Trustee a suitable notation as to such action shall be made on such Authority Note. If the Trustee or the Authority shall so determine, new Authority Notes so modified as in the opinion of the Trustee shall be necessary to conform to such action shall be prepared, and in that case upon demand of the Owner of any Outstanding Authority Notes, such new Authority Notes shall be exchanged without cost to each Owner for Authority Notes then Outstanding at the office of the Trustee upon surrender of such Outstanding Authority Notes. All Authority Notes surrendered to the Trustee pursuant to the provisions of this section shall be cancelled by the Trustee and shall not be redelivered.

Section 9.04. Amendment or Supplement by Mutual Consent. The provisions of this article shall not prevent any Owner from accepting any amendment or supplement as to the particular Authority Notes owned by him; provided, that due notation thereof is made on such Authority Notes. No amendment or supplement of a Authority Note shall be made without prior compliance with the provisions of this Article IX pertaining to amendment or supplement of this Indenture.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Authority Notes and Indenture.

(a) If the Trustee shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Authority Notes the interest and principal thereof at the times and in the manner provided herein and therein, then such Owners shall cease to be entitled to the pledge of and lien on the District Notes and District Notes payments and any interest in the funds held hereunder as provided herein, and all agreements and covenants of the Authority to such Owners hereunder shall thereupon cease, terminate and become void and shall be discharged and satisfied.

(b) Any Outstanding Series of Authority Notes shall on their applicable Maturity Date be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Trustee moneys which are sufficient to pay the interest on and principal of such Series of Authority Notes payable on and prior to their applicable Maturity Date.

(c) Any Outstanding Series of Authority Notes shall prior to their applicable Maturity Date be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient or United States Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal, and which are purchased with moneys and are not subject to redemption except by the holder thereof prior to maturity (including any such securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money

which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, in the opinion of an independent certified public accountant delivered to the Trustee to pay when due the interest on such Series of Authority Notes and the principal of such Authority Notes on the applicable Maturity Date.

(d) After the payment of the interest on and principal of all Outstanding Authority Notes as provided in this section, at the Request of the Authority (if provided), the Trustee shall execute and deliver to the Authority and the Participants all such instruments as they may deem necessary or desirable to evidence the discharge and satisfaction of this Indenture, and the Trustee shall pay over or deliver to the Participants all money or deposits or investments held by it pursuant hereto (except for moneys held in the Rebate Fund) which are not required for the payment of the interest on and principal of such Authority Notes.

Section 10.02. Unclaimed Money. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest on or principal of any Authority Notes which remains unclaimed for two (2) years after the date when the payments on such Authority Notes have become payable, if such money was held by the Trustee on such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest on and principal of such Authority Notes have become payable, shall be repaid by the Trustee to the Participants as their interests appear as their absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Participants for the payment of the interest on and principal of such Authority Notes; provided, that before being required to make any such payment to the Participants, the Trustee shall, as a charge on such funds, give notice by mail to all Owners of Authority Notes that such money remains unclaimed and that after a date named in such notice, which date shall not be less than sixty (60) days after the date of giving such notice, the balance of such money then unclaimed will be returned to the Participants.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Benefits of the Indenture Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the Participants, the Trustee, the Authority, and the Owners, any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term contained herein required to be observed or performed by or on behalf of the Authority shall be for the sole and exclusive benefit of the Trustee, the Participants, the Owners and their successors.

Section 11.02. Successor Deemed Included in All References to Predecessor. Whenever the Authority or the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority or the Trustee or such officer, and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the Authority or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 11.03. Execution of Documents by Owners. Any consent, declaration, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner's attorney of any consent, declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

Any consent, declaration, request or other instrument in writing of the Owner of any Authority Note shall bind all future Owners of such Authority Note with respect to anything done or suffered to be done by the Authority, Participants or the Trustee in accordance therewith.

Section 11.04. Waiver of Personal Liability; No Liability of Authority Members. No trustee, member, officer or employee of the Participants or the Authority shall be individually or personally liable for the payment of the interest on or principal of the Authority Notes, but nothing contained herein shall relieve any trustee, member, officer or employee of the Participants or the Authority from the performance of any official duty provided by any applicable provisions of law or by the District Notes or the Participant Resolution or this Indenture.

Notwithstanding anything to the contrary herein or in any other document, no entity that is a member of the Authority, its officers, directors, employees, and agents, shall have any liability of any kind hereunder or by reason of or in connection with any of the transactions contemplated hereby, other than in its capacity (if any) as a Participant hereunder.

Section 11.05. Content of Certificates; Post-Issuance Legal Opinions. Every certificate of the Authority or the Participants with respect to compliance with any agreement, condition, covenant or term contained herein shall include: (a) a statement that the person or persons executing such certificate have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any Certificate of the Authority or the Participants may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person or persons executing such certificate know that the Opinion of Counsel with respect to the matters upon which his or their certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters and information with respect to which is in the possession of the Participants or the Authority, upon a representation by an officer or officers of the Participants or the Authority unless

the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based; as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

Section 11.06. Notice by Mail. Any notice required to be given hereunder by mail to any Owners of Authority Notes shall be given by mailing a copy of such notice, first class postage prepaid, to the Owners of such Authority Notes at their addresses appearing in the books required to be kept by the Trustee pursuant to the provisions of Section 2.07 not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given; provided, that receipt of any such notice shall not be a condition precedent to the effectiveness of such notice, and failure to receive any such notice shall not affect the validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

Section 11.07. Funds. Any fund or account required to be established and maintained herein by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purpose of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such funds shall at all times be maintained in accordance with industry practice and with due regard for the instructions, if any, delivered to the Trustee pursuant to Section 6.04(b) and for the protection of the security of the Authority Notes and the rights of the Owners. All moneys held by the Trustee shall be held in trust, but need not be segregated from other funds unless specifically required by this Indenture.

Section 11.08. Continuing Disclosure. (a) The Authority together with the State Treasurer hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Authority or the Dissemination Agent to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Owner of at least 25% aggregate principal amount of Outstanding Series of Authority Notes or, if issued, the Owner of at least 25% aggregate principal amount of Outstanding Series of Additional Authority Notes,) or any Authority Note Owner, or, if Additional Authority Notes are issued, any Owner or any Beneficial Owner of an Additional Authority Note, the Trustee shall, but only to the extent indemnified to its satisfaction from any liability, cost, expense whatsoever, including, without limitation, fees and expenses of its attorneys and additional fees and expenses of the Trustee, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations under this section. For purposes of this section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series of Authority Notes or, if issued, Additional Authority Notes (including persons holding Series A Authority Notes and Series B Authority Notes, or, if issued, Additional Authority Notes through nominees, depositories or other intermediaries).

(b) The Trustee shall notify the Authority, in writing, upon the occurrence of any of the Listed Events (as defined in the Continuing Disclosure Certificate), of which it has actual knowledge, provided, however, the Trustee shall not be liable to any party for any failure to so

notify the Authority. The Trustee shall not be responsible to determine the materiality of any Listed Event. For purposes of this section, “actual knowledge” by the Trustee shall mean actual knowledge at its Principal Corporate Trust Office by the officer or officers of the Trustee for the administration of this Indenture.

Section 11.09. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular article, section, subdivision or clause thereof.

Section 11.10. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms contained herein required to be observed or performed by or on the part of the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Authority Notes, and the Owners shall retain all the benefit, protection and security afforded to them hereunder and under all provisions of applicable law. The Authority and the Trustee hereby declare that they would have executed and entered into this Indenture and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Authority Notes pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 11.11. California Law. This Indenture and the Authority Notes shall be construed in accordance with and governed by the laws of the State of California applicable to contracts made and performed in the State of California. This Indenture shall be enforceable in the State of California, and any action arising hereunder shall (unless waived by the Authority in writing) be filed and maintained in the Superior Court of California, County of Sacramento, California.

Section 11.12. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below or in the Supplemental Indenture, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Trustee:	U.S. Bank National Association One California Street, Suite 1000 San Francisco, California 94111 Attention: Global Corporate Trust
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If to the Authority:	California School Finance Authority 300 S. Spring Street, Suite 8500
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Los Angeles, California 90013
Attention: Katrina M. Johantgen, Executive Director

If to the Participants: To the individual addresses as set forth in Exhibit A to the Purchase Agreement.

If to the Underwriters: RBC Capital Markets, LLC
777 South Figueroa Street, Suite 850
Los Angeles, California 90017
Attention: Managing Director

Citigroup Global Markets Inc.
300 South Grand Avenue, Suite 3110
Los Angeles, California 90071
Attention: Managing Director

If to the Rating Agencies: Fitch Ratings Inc.
33 Whitehall Street
New York, NY 10004
Telephone: (212) _____
Telefax: (212) _____

Standard and Poor's Ratings Group
Municipal Finance Department
25 Broadway, 38th Floor
New York, NY 10041
Telephone: (212) 438-7973
Telefax: (212) 438-2131

Section 11.13. Effective Date. This Indenture shall become effective upon its execution and delivery.

Section 11.14. Execution in Counterparts. The Indenture may be executed and entered into in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Authority has caused this Indenture to be signed in its name by its Executive Director, or by such other person as has been designated by its governing board, and U.S. Bank National Association, as Trustee, to evidence its acceptance of the trust hereby created, has caused the Indenture to be signed in the name of the Trustee by an authorized officer of the Trustee, all as of the day and year first above written.

CALIFORNIA SCHOOL FINANCE
AUTHORITY

By _____
Title: [Executive Director][Deputy Treasurer for
California State Treasurer, Fiona Ma]

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Title: Authorized Officer

SCHEDULE I

PARTICIPATING DISTRICTS AND COUNTY OFFICES OF EDUCATION
AUTHORITY NOTES

Participant	Series A-1 Principal Amount	Series A-2 Principal Amount	Series B Principal Amount	Total Principal Amount

Participant	Series A-1 Principal Amount	Series A-2 Principal Amount	Series B Principal Amount	Total Principal Amount

SCHEDULE II

INITIAL DEPOSITS TO PARTICIPANTS'
SERIES A-1 DISTRICT NOTES (TAX-EXEMPT)
PROCEEDS ACCOUNTS

CLOSING DATE MARCH __, 2021

Participant	Series A-1 Authority Note Proceeds Amount	Repayment Periods	Payments
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SCHEDULE III

INITIAL DEPOSITS TO PARTICIPANTS'
SERIES A-2 DISTRICT NOTES (FEDERALLY TAXABLE)
PROCEEDS ACCOUNTS AND PREPAYMENTS

CLOSING DATE MARCH __, 2021

Participant	Series A-2 Authority Note Proceeds Amount	Deposit to Series A-2 Proceeds Account	Transfer for District Senior Existing Indebtedness	Repayment Periods	Payments

SCHEDULE IV

INITIAL DEPOSITS TO PARTICIPANTS'
SERIES B DISTRICT NOTES (FEDERALLY TAXABLE)
ESCROW ACCOUNTS

CLOSING DATE MARCH __, 2021

Participant	Series B Authority Note Proceeds – Escrow Amount	Repayment Periods	Payment

which the Indenture can be amended, and for the other agreements, conditions, covenants and terms upon which the Series __ Authority Notes are issued thereunder, to all of which the Owner hereof assents and agrees by acceptance hereof.

The Series ___ Authority Notes are authorized to be issued in the form of fully registered notes in denominations of five thousand dollars (\$5,000) or any integral multiple thereof.

This Note is transferable or exchangeable by the registered Owner hereof, in person or by his attorney duly authorized in writing, at said principal corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender of this Note for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange, a new Series __ Authority Note or Series ___ Authority Notes of authorized denominations equal to the principal amount hereof will be delivered by the Trustee to the registered Owner hereof in exchange or transfer herefor.

The Trustee may treat the registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Note shall be overdue, and the Trustee shall not be affected by any knowledge or notice to the contrary; and payment of the interest on and principal of this Note shall be made only to such registered Owner as above provided, which payments shall be valid and effectual to satisfy and discharge the liability evidenced and represented by this Note to the extent of the sum or sums so paid.

The Series __ Authority Notes are a special obligation of the Authority and are secured by a pledge and assignment of a pool of the Tax and Revenue Anticipation Notes, Series __ (the "Series __ District Notes") issued by certain California school districts, community college districts and county offices of education (as more particularly described in the Indenture) (the "Participants"), under and by authority of Section 53853 and of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the Government Code of the State of California and pursuant to the terms of a resolution duly passed and adopted by the governing board of each Participant pertaining to its Series ___ District Notes (collectively, the "Participant Resolutions"), and payments with respect thereto, to the extent provided in the Indenture, subject to the provisions of the Indenture permitting the disbursement thereof for or to the purposes and on the conditions and terms set forth therein.

The Series __ Authority Notes are secured by the Participants' pledge of their Deferral Amounts related to Fiscal Year 2020-21 under their respective Series __ District Notes. Pursuant to its Participant Resolution, each Participant has elected to participate in the intercept by the State Controller through its Election of funding Payments from Deferral Amounts of each Participant as credit for the Debt Service Payments on the Participant's Series of District Notes (as such terms are defined in the Indenture). In accordance with the requirements set forth in Section 17199.4 of the CSFA Act and to effect the pledge contained in its Participant Resolution and the terms of the MOUs and the Intercept Notices, each Participant has authorized and instructed the State Controller to intercept Funds Subject to Intercept from State Aid Subject to Apportionment equal to the Payments set forth in its Schedule or Revised Schedule to its Intercept Notice, and to transfer such Funds Subject to Intercept to the Trustee for deposit into the applicable Payment Subaccount within the applicable Payment Account (as such terms are defined in the Indenture). Upon such deposit, such funds will not be available to the Participants.

The Series ___ Authority Notes are not subject to prepayment or redemption prior to the Maturity Date.

Upon satisfaction of certain provisions of the Indenture, the Authority may issue one or more additional series of California School Finance Authority State Aid Intercept Aid Notes (Fiscal Year 2020-21 School and Community College District Deferrals) (together with the Series ___ Authority Notes, the “Authority Notes”), payable from, and secured by a pledge and assignment of, a separate pool of tax and revenue anticipation notes issued by certain California school districts, community college districts and county offices of education (as more particularly described in the Indenture and any supplement thereto), some of which may also have issued Series ___ District Notes securing the Series ___ Authority Notes, which Series ___ District Notes may be payable on a parity with such tax and revenue anticipation notes.

[The following language is applicable only to Additional Authority Notes: Under the Indenture, the Authority has previously issued on _____, 20___, its outstanding California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), Series [], aggregating \$_____ (the “Series [] Authority Notes”), which are payable from, and secured by a pledge and assignment of, a separate pool of tax and revenue anticipation notes issued by certain California school districts, community college districts and county offices of education (as more particularly described in the Indenture and any supplement thereto), some of which may also have issued District Notes securing the Authority Notes, which District Notes may be payable on a parity with or priority over such tax and revenue anticipation notes.]

Reference is hereby made to the Indenture as the same may be amended and supplemented from time to time, for a description of the rights, limitation of rights, obligations, duties and immunities of the Authority, the Trustee and the registered Owners of the Authority Notes issued thereunder, including particularly the nature and extent of the security and provisions for payment of the Authority Notes and the relative priority of a certain portion of the Authority Notes and of the District Notes. Copies of the Indenture are on file in the principal corporate trust office of the Trustee in Los Angeles, California.

The rights and obligations of the Authority, the Participants and of the holders and registered Owners of the Authority Notes may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered Owners of Authority Notes.

The Authority Notes are not a lien or charge upon any funds or property of the Authority (except to the extent of the aforementioned pledge and assignment) and are payable solely from Funds Subject to Intercept and from the funds and accounts established for such purpose by the Indenture. The Authority Notes are not a debt of any Participant or any member of the Authority, and no such Participant or member is liable in any manner for the payment thereof.

Each District Note constitutes the general obligation of the Participant issuing the same and shall be payable from the Participant's Deferral Amounts which are attributable to Fiscal Year 2020-21, and which are lawfully available therefor, all as set forth in the respective Participant Resolution.

Each Participant has certified that all acts, conditions and things required by the Constitution and laws of the State of California and the provisions of its Participant Resolution to exist, to have happened and to have been performed precedent to and in the issuance of its Series ___ District Notes do exist, have happened and have been performed in due time, form and manner as required by law and that its Series ___ District Note, together with all other indebtedness and obligations of such Participant, does not exceed any limit prescribed by the Constitution or laws of the State of California.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the issuing of this Note, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Note is not in excess of the amount of Authority Notes permitted to be issued under the Indenture.

This Note shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

Unless this Note is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee or its agent for the registration of transfer, exchange, or payment, and any Authority Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered Owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, this Note has been dated the date of initial delivery hereof, and has been executed by the manual or facsimile signature of the Chair of the Authority:

CALIFORNIA SCHOOL FINANCE
AUTHORITY

By _____
Chair

[FORM OF CERTIFICATE OF AUTHENTICATION AND REGISTRATION]

Authenticated by the manual signature of an authorized officer of the Trustee on the following date: _____

US. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Officer

[FORM OF ASSIGNMENT]

ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto _____ whose tax identification number is _____ the within Authority Note and do(es) hereby irrevocably constitute(s) and appoint(s) attorney to transfer such Authority Note on the register of the Trustee, with full power of substitution in the premises.

Dated:

SIGNATURE GUARANTEED BY:

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Authority Note in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

EXHIBIT B

FORM OF REQUISITION FROM COSTS OF ISSUANCE FUND

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attn: [Mary Wong]

Re: California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-
21 School and Community College District Deferrals), Series [__]

Requisition No.: _____

The undersigned authorized officer of the [California School Finance Authority] / [Municipal Advisor] hereby presents this Requisition for payment of Costs of Issuance, as that term is defined that certain Indenture dated as of March 1, 2021 (the “Indenture”), by and between U.S. Bank National Association, as Trustee, and the California School Finance Authority (the “Authority”), in connection with the captioned financing (the “Series ___ Authority Notes”).

Attached as Schedule I is a list of payees from whom invoices for Costs of Issuance have been received (copies of which are attached to said Schedule I). You are hereby directed to make payment by check or wire transfer (in accordance with the request of the respective payees) to said persons in the amounts invoiced but not in excess of the amounts identified in Schedule I. None of the items listed in Schedule I have been heretofore paid and each represents a proper charge against the Series __ Costs of Issuance Account of the Costs of Issuance Fund.

Date: _____, 2021

By: _____
Authorized Officer
[California School Finance Authority] /
[Municipal Advisor]

SCHEDULE I

PAYEES FROM SERIES ___ COSTS OF ISSUANCE ACCOUNT

The following costs are to be paid on behalf of the Authority and the Participants for the Costs of Issuance relating to the Series ___ Authority Notes and the Series ___ District Notes from amounts deposited in the Series ___ Costs of Issuance Account of the Costs of Issuance Fund for the Series ___ Authority Notes.

[See Attached]

EXHIBIT C

FORM OF REQUISITION FROM PROCEEDS ACCOUNT

To: U.S. Bank National Association, as Trustee

From: [Participant]

Re: California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), Series _ (the "Program")

Requisition No. ____

The undersigned, on behalf of the _____ District (the "Participant"), hereby requests payment, from the Proceeds Account of the Participant established with respect to the Participant's 2020-21 Tax and Revenue Anticipation Notes, Series [____], pursuant to the Program, the amount of \$ _____ [by wire/check (circle one)] for purposes for which the Participant is authorized to use and expend moneys loaned to it by the Authority under the CSFA Act. If the payment is by wire, please fill in the following information:

Name of Bank: _____
ABA#: _____
Account No. _____
Reference: _____

The undersigned hereby certifies as follows:

1. The amount requisitioned hereby from the Proceeds Account of the Participant (and amounts in an Escrow Subaccount of the Participant, if any), does not, as of the date hereof, exceed eighty-five percent (85%) of (a) the uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys intended as receipts for the general fund of the Participant and attributable to Fiscal Year 2020-21 and which are generally available for the payment of current expenses and other obligations of the Participant (collectively, "unrestricted revenues") less (b) projected uncollectible unrestricted revenues of the Participant attributable to such Fiscal Year.

2. The amount requisitioned hereby is for a purpose for which the Participant is authorized to use and expend funds loaned to it by the Authority under the CSFA Act.

3. Other funds of the Participant are not readily available for expenditure for such purpose with respect to any operating draws.

4. The information contained herein is true and correct as of the date of this Requisition.

5. The representations of the Participant set forth in Section 15 of the Resolution of the Participant, providing for the borrowing of funds for Fiscal Year 2020-21 and the issuance and sale of one or more Series of 2020-21 Tax and Revenue Anticipation Notes therefor and

authorizing participation in the Program (the “Participant Resolution”) are true and correct in all material respects as though made on and as of this date except to the extent that such representations relate to an earlier date.

6. As of the date hereof, no event has occurred and is continuing which constitutes an Event of Default under the Participant Resolution or would constitute an Event of Default but for the requirement that notice be given, or time elapse, or both.

7. [As of the date hereof, the Participant has not filed with the County Superintendent of Schools, the County Board of Education or the State Superintendent of Public Instruction, and has not received from the County Superintendent of Schools or the State Superintendent of Public Instruction, (a) a negative certification applicable to Fiscal Year 2019-20 or Fiscal Year 2020-21, or (b) a certification applicable to Fiscal Year 2019-20 or Fiscal Year 2020-21 that is lower than the certification held by the Participant on the date the above-captioned Series of Authority Notes were issued, except that, if such Participant provides a certification from the County Superintendent or State Superintendent of Public Instruction, as applicable, that repayment of such Participant’s Note and any Additional Notes is probable is given, moneys may be disbursed if the downgrade is to a qualified certification.]

Dated: _____, 2021.

By: _____
Authorized Officer of the District Participant

EXHIBIT D

FORM OF REQUISITION FROM ESCROW ACCOUNT

To: U.S. Bank National Association, as Trustee

From: [Participant]

Re: California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), Series _ (the "Program")

Requisition No. ____

The undersigned, on behalf of the _____ District (the "Participant"), hereby requests the following:

(A) payment from the Escrow Subaccount of the Participant established with respect to the Participant's 2020-21 Tax and Revenue Anticipation Notes, Series [____], pursuant to the Program, the amount of \$_____ [by wire/check (circle one)] for purposes for which the Participant is authorized to use and expend moneys loaned to it by the Authority under the CSFA Act. If the payment is by wire, please fill in the following information:

Name of Bank: _____

ABA#: _____

Account No. _____

Reference: _____

(B) transfer, pursuant to Section 3.03(d) of the Indenture, of \$_____ as a credit to the Participant's Payment Subaccount within Series [B/D (circle one)] Payment Account.

The undersigned hereby certifies as follows:

1. The amount requisitioned hereby in (A) above from the Escrow Subaccount of the Participant (along with amounts previously requisitioned from its Proceeds Account) does not, as of the date hereof, exceed eighty-five percent (85%) of (a) the uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys intended as receipts for the general fund of the Participant and attributable to Fiscal Year 2020-21 and which are generally available for the payment of current expenses and other obligations of the Participant (collectively, "unrestricted revenues") less (b) projected uncollectible unrestricted revenues of the Participant attributable to such Fiscal Year.

2. The amount requisitioned hereby in (A) is for a purpose for which the Participant is authorized to use and expend funds loaned to it by the Authority under the CSFA Act.

3. Other funds of the Participant are not readily available for expenditure for such purpose with respect to any operating draws.

4. The information contained herein is true and correct as of the date of this Requisition.

5. The representations of the Participant set forth in Section 15 of the Resolution of the Participant, providing for the borrowing of funds for Fiscal Year 2020-21 and the issuance and sale of one or more Series of 2020-21 Tax and Revenue Anticipation Notes therefor and authorizing participation in the Program (the "Participant Resolution") are true and correct in all material respects as though made on and as of this date except to the extent that such representations relate to an earlier date.

6. As of the date hereof, no event has occurred and is continuing which constitutes an Event of Default under the Participant Resolution or would constitute an Event of Default but for the requirement that notice be given, or time elapse, or both.

7. [As of the date hereof, the Participant has not filed with the County Superintendent of Schools, the County Board of Education or the State Superintendent of Public Instruction, and has not received from the County Superintendent of Schools or the State Superintendent of Public Instruction, (a) a negative certification applicable to Fiscal Year 2019-20 or Fiscal Year 2020-21, or (b) a certification applicable to Fiscal Year 2019-20 or Fiscal Year 2020-21 that is lower than the certification held by the Participant on the date the above-captioned Series of Authority Notes were issued, except that, if such Participant provides a certification from the County Superintendent or State Superintendent of Public Instruction, as applicable, that repayment of such Participant's Note and any Additional Notes is probable is given, moneys may be disbursed if the downgrade is to a qualified certification.]

Dated: _____, 2021.

By: _____
Authorized Officer of the District Participant

FIRST SUPPLEMENTAL INDENTURE

by and between

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

and

CALIFORNIA SCHOOL FINANCE AUTHORITY

Dated as of April 1, 2021

\$ _____
California School Finance Authority
State Aid Intercept Notes
(Fiscal Year 2020-21 School and Community College District Deferrals)

\$ _____ 2021 Series C-1 (Tax-Exempt)	\$ _____ 2021 Series C-2 (Federally Taxable)
\$ _____ 2021 Series D (Federally Taxable)	

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FIRST SUPPLEMENTAL INDENTURE

This First Supplemental Indenture (the “First Supplemental Indenture”), dated as of April 1, 2021, by and between the CALIFORNIA SCHOOL FINANCE AUTHORITY (the “**Authority**”), a public instrumentality of the State of California, created by the California School Finance Authority Act (constituting Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State of California) (the “**CSFA Act**”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the “**Trustee**”);

WITNESSETH:

WHEREAS, the Authority, acting pursuant to its powers under the constitution and laws of the State of California (the “**State**”) and the CSFA Act, desires to provide assistance to one or more school districts, community college districts or county offices of education named in Schedule I hereto located within the State, in connection with their working capital borrowing needs; and

WHEREAS, pursuant to the Indenture, dated as of March 1, 2021 (the “**Original Indenture**”), by and between the Authority and the Trustee, the Authority issued the California School Finance Authority, State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-1 (Tax-Exempt) in the principal amount of \$ _____ (the “**Series A-1 Authority Notes**”), the California School Finance Authority, State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-2 (Federally Taxable) in the principal amount of \$ _____ (the “**Series A-2 Authority Notes**”), and the California School Finance Authority, State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series B (Federally Taxable) in the principal amount of \$ _____ (the “**Series B Authority Notes**,” and together with the Series A-1 Authority Notes and the Series A-2 Authority Notes, the “**March Series Authority Notes**”) (capitalized undefined terms have the meanings ascribed thereto in the Original Indenture); and

WHEREAS, the Original Indenture provides that, for the purpose of providing funds to acquire District Notes for Participants, the Authority may at any time issue one or more Series of Additional Notes payable, but only subject to the conditions precedent to the issuance of such Additional Authority Notes specified in the Original Indenture; and

WHEREAS, the Original Indenture provides that the Original Indenture and the rights and obligations of the Authority, the Trustee and the Owners of the Authority Notes may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any March Series Authority Note Owners to provide for the issuance of one or more Series of Additional Authority Notes, and to provide the terms and conditions under which such Series of Additional Authority Notes may be issued, subject to and in accordance with the provisions of the Original Indenture; and

WHEREAS, the Authority expects to issue Additional Authority Notes under the Indenture on behalf of the Participants listed in Schedule I, which Authority Notes will be designated as the “California School Finance Authority, State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series C-1 (Tax-Exempt) (the “**Series C-1 Authority Notes**”), the California School Finance Authority, State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series C-2 (Federally Taxable) (the “**Series C-2 Authority Notes**”), and the California School Finance Authority, State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series D (Federally Taxable) (the “**Series D Authority Notes**,” and together with the Series C-1 Authority Notes and the Series C-2 Authority Notes, the “**April Series Authority Notes**”), in the aggregate principal amount not to exceed \$ _____, and secured and repaid by the State Controller (the “**Controller**”) intercepting the eventual payment of the Apportionment Deferrals (the “**Program**”), and applying the proceeds from the sale of the Second Series Authority Notes to simultaneously purchase from the Participants listed in Schedule I District Notes to be issued by or on behalf of such Participants; and

WHEREAS, each of the Participants listed in Schedule I has determined to participate in the Program and qualifies as a participating party under the CSFA Act that will issue one or more District Notes, with respect to the second group of series or tranches, in the respective principal amounts set forth in Schedule I hereto, constituting the “**Series C-1 District Notes**,” the “**Series C-2 District Notes**” and the “**Series D District Notes**” (collectively, the “**April Series District Notes**”) under the Program; and

WHEREAS, each Participant listed on Schedule I has entered into a purchase agreement (each a “**District Note Purchase Agreement**”) with the Authority pursuant to which the Authority has agreed to purchase such Participant’s Series C-1 District Notes, Series C-2 District Notes and/or Series D District Notes and in connection therewith to issue the corresponding series of Authority Notes to finance the purchase of such District Notes; and

WHEREAS, the Trustee, pursuant hereto, accepts the assignment of the April Series District Notes and all duties, obligations and trusts of the Trustee established in this First Supplemental Indenture; and

WHEREAS, in order to provide for the authentication and delivery of the April Series Authority Notes, to establish and declare the terms and conditions upon which the April Series Authority Notes are to be issued and secured and to secure the payment of the principal thereof and interest thereon, the Authority has authorized the execution and delivery of this First Supplemental Indenture; and

WHEREAS, the Authority has determined that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this First Supplemental Indenture and delivery of the April Series Authority Notes do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this First Supplemental Indenture;

NOW, THEREFORE, in order to secure the payment of the principal of and the interest on all April Series Authority Notes at any time issued and outstanding under this First Supplemental Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the April Series Authority Notes are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the April Series Authority Notes by the holders thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the benefit of the respective holders from time to time of the April Series Authority Notes, as follows:

PART 1

ADDITION OF ARTICLE XII

Part 1.1. Addition of Article XII. The Original Indenture is hereby amended by adding thereto an additional Article XII as follows:

ARTICLE XII

SERIES C-1 AUTHORITY NOTES, SERIES C-2 AUTHORITY NOTES AND SERIES D AUTHORITY NOTES

Section 15.01. Definitions. Unless the context otherwise requires, the terms defined and/or modified in this Section shall for all purposes of this Indenture and of any certificate, opinion or other document herein or therein mentioned, have the meanings herein specified.

“April Series Closing Date” means with respect to the April Series Authority Notes, April __, 2021.

“Deferral Months” mean the months in which Deferral Amounts would normally have been distributed but have instead been deferred by the State, and with respect to the Series A Authority Notes and Series C Authority Notes, means the months of February 2021 through and including May 2021, and with respect to the Series B Authority Notes and Series D Authority Notes, means the month of June 2021.

“District Senior Existing Indebtedness” or **“Senior Loan”** means the debt referenced by such name in a Participant Resolution or an MOU for which proceeds of the Series A-2 Authority Notes and the Series C-2 Authority Notes shall be irrevocably deposited to pay or prepay certain lease or debt service payments of such Participant as set forth in the Confirmation of Pricing for a Participant.

“Escrow Release Date” means the date determined by the Authority following the computation by the Department of the Final June Deferral Amounts, and with respect to Series B Authority Notes and Series D Authority Notes, being [July 2, 2021] or as soon thereafter as possible, but not later than five (5) Business Days following the Authority’s notification to the Trustee under Section 3.03(d) of the Indenture.

“First Supplemental Indenture” means this First Supplemental Indenture, dated as of April 1, 2021, by and between the Trustee and the Authority.

“Indenture” mean collectively, the Indenture, dated as of March 1, 2021, as amended by this First Supplemental Indenture, each by and between the Trustee and the Authority, as executed and entered into and as it may from time to time be amended or supplemented in accordance herewith.

“Series C Authority Notes” mean Series C-1 Authority Notes and the Series C-2 Authority Notes.

“Series C-1 Authority Notes” mean the \$_____ California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series C-1 (Tax-Exempt), authorized by, and at any time Outstanding pursuant to, this Indenture.

“Series C-2 Authority Notes” mean the \$_____ California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series C-2 (Federally Taxable), authorized by, and at any time Outstanding pursuant to, this Indenture.

“Series C Costs of Issuance Accounts” mean the accounts by such names assigned to the Series C Authority Notes established under Section 3.02.

“Series C District Notes” mean the tax and revenue anticipation notes issued by the Participants in the respective Series and aggregate principal amounts, as described in Schedule I to the First Supplemental Indenture and assigned to the Series C-1 Pool securing the Series C-1 Authority Notes and to the Series C-2 Pool securing the Series C-2 Authority Notes.

“Series C Interest Accounts” mean the accounts by such names assigned to Series C Authority Notes established under Section 3.02.

“Series C Maturity Date” means the date on which the principal of and interest on the Series C Authority Notes and the corresponding Series C District Notes becomes due and payable, being December 30, 2021.

“Series C Pledged Accounts” mean, with respect to the Series C Authority Notes, the Series C Costs of Issuance Account, the Proceeds Accounts for each Series of District Notes assigned to the Series C Pool, the Payment Accounts for each Series of District Notes assigned to the Series C Pool, the Series C Interest Accounts and the Series C Principal Accounts.

“Series C Pool” means the Pool composed of Series C District Notes assigned to and securing the payment of the Series C Authority Notes.

“Series C Principal Accounts” mean the accounts by that name assigned to the Series C Authority Notes established under Section 3.02.

[**“Series C Purchase Agreement”** means the Purchase Agreement by and between the

Authority and the Representative related to the Series C Authority Notes.]

“**Series D Authority Notes**” mean the \$_____ California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series D (Federally Taxable), authorized by, and at any time Outstanding pursuant to, this Indenture.

“**Series D District Notes**” mean the tax and revenue anticipation notes issued by the Participants in the respective Series and aggregate principal amounts, as described in Schedule I attached to the First Supplemental Indenture and assigned to the Series D Pool securing the Series D Authority Notes.

“**Series D Interest Account**” means the account by such name assigned to Series D Authority Notes established under Section 3.02.

“**Series D Maturity Date**” means the date on which the principal of and interest on the Series D Authority Notes and the corresponding Series D District Notes becomes due and payable, being December 30, 2021.

“**Series D Pledged Accounts**” mean, with respect to the Series D Authority Notes, the Proceeds Accounts for each Series of District Notes assigned to the Series D Pool, the Payment Accounts for each Series of District Notes assigned to the Series D Pool, the Series D Interest Account and the Series D Principal Account.

“**Series D Pool**” means the Pool composed of Series D District Notes assigned to and securing the payment of the Series D Authority Notes.

“**Series D Principal Account**” means the account by that name assigned to the Series D Authority Notes established under Section 3.02.

[“**Series D Purchase Agreement**” means the Purchase Agreement by and between the Authority and the Representative related to the Series D Authority Notes.]

“**Tax-Exempt Notes**” means Authority Notes, the interest on which is intended to be excluded from the gross income of the holders thereof for federal income tax purposes, including the Series A-1 Authority Notes and the Series C-1 Authority Notes.

“**Taxable Notes**” means Authority Notes not issued as Tax-Exempt Notes, including the Series A-2 Authority Notes, the Series B Authority Notes, the Series C-2 Authority Notes and the Series D Notes.

Section 12.02. Terms of the Series C Authority Notes and the Series D Notes.

(a) The Series C-1 Authority Notes are designated as the “California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series C-1 (Tax-Exempt).” The aggregate principal amount of Series C-1 Authority Notes which may be issued and Outstanding under the Indenture shall be _____ dollars (\$ _____), exclusive of Authority Notes executed and authenticated as provided in Section 2.09. The Trustee is hereby authorized and directed to authenticate the Series C-1 Authority Notes in the aggregate principal amount of _____ dollars (\$ _____). The Series C-1 Authority Notes shall be initially delivered in the form of one Series C-1 Authority Note for the full principal amount thereof and shall be registered in the name of “Cede & Co.,” as nominee of DTC.

Each Series C-1 Authority Note shall mature on the Series C Maturity Date, shall bear interest at the rate of _____ percent (____%) per annum, payable on the Series C Maturity Date, upon surrender of the Series C Authority Note by the Owner thereof, at the Principal Office of the Trustee.

(b) The Series C-2 Authority Notes are designated as the “California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series C-2 (Federally Taxable).” The aggregate principal amount of Series C-2 Authority Notes which may be issued and Outstanding under this Indenture shall be _____ dollars (\$ _____), exclusive of Authority Notes executed and authenticated as provided in Section 2.09. The Trustee is hereby authorized and directed to authenticate the Series C-2 Authority Notes in the aggregate principal amount of _____ dollars (\$ _____). The Series C-2 Authority Notes shall be initially delivered in the form of one Series C-2 Authority Note for the full principal amount thereof and shall be registered in the name of “Cede & Co.,” as nominee of DTC.

Each Series C-2 Authority Note shall mature on the Series C Maturity Date, shall bear interest at the rate of _____ percent (____%) per annum, payable on the Series C Maturity Date, upon surrender of the Series C Authority Note by the Owner thereof, at the Principal Office of the Trustee.

(c) The Series D Authority Notes are designated as the “California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series D (Federally Taxable).” The aggregate principal amount of Series D Authority Notes which may be issued and Outstanding under this Indenture shall be _____ dollars (\$ _____), exclusive of Authority Notes executed and authenticated as provided in Section 2.09. The Trustee is hereby authorized and directed to authenticate the Series D Authority Notes in the aggregate principal amount of _____ dollars (\$ _____). The Series D Authority Notes shall be initially delivered in the form of one Series D Authority Note for the full principal amount thereof and shall be registered in the name of “Cede & Co.,” as nominee of DTC.

Each Series D Authority Note shall mature on the Series D Maturity Date, shall bear interest at the rate of _____ percent (____%) per annum, payable on each Series D Maturity Date, upon surrender of the Series D Authority Note by the Owner thereof, at the Principal Office of the Trustee.

(d) The interest payable on the Series C Authority Notes and the Series D Authority Notes shall be computed on the basis of a 360-day year of twelve 30-day months.

The Series C Authority Notes and the Series D Authority Notes shall not be subject to prepayment or redemption prior to the Series C Maturity Date.

Section 12.03. Delivery of Series C Authority Notes and Series D Authority Notes.

The Trustee is hereby authorized to authenticate and deliver the Series C Authority Notes and the Series D Authority Notes to the Representatives pursuant to the Purchase Agreement applicable to the Series C Authority Notes and the Series D Authority Notes, upon receipt of a written Request of the Authority, the Series of District Notes comprising the Pool securing the Series C Authority Notes and the Series D Authority Notes and the proceeds of sale of the Series C Authority Notes and the Series D Authority Notes, respectively.

Section 12.04. Establishment of Accounts; Application of Proceeds of the Series C Authority Notes and the Series D Authority Notes.

(a) The Trustee hereby agrees to establish and maintain hereunder, in trust, the following accounts:

- (1) within the Costs of Issuance Fund, the Series C-1 Costs of Issuance Account and the Series C-2 Costs of Issuance Account,
- (2) within the Proceeds Fund:
 - (A) a separate Proceeds Account for each Series C-1 District Note assigned to the Series C Pool, and
 - (B) a separate Proceeds Account for each Series C-2 District Note assigned to the Series C Pool,
- (3) within the Pool Interest Fund, the Series C-1 Interest Account, the Series C-2 Interest Account, [and the Series D Interest Account], and
- (4) within the Pool Principal Fund, the Series C-1 Principal Account, the Series C-2 Principal Account, [and the Series D Principal Account].

(b) The Authority hereby agrees to establish and maintain hereunder, with the Trustee agreeing to act as the agent of the Authority for the establishment and maintenance hereunder, in trust, the following accounts:

- (1) within the Authority Note Payment Fund:
 - (A) the Series C-1 Payment Account and therein a separate Payment Subaccount for each Participant with a Series C-1 District Note assigned to the Series C Pool,
 - (B) the Series C-2 Payment Account and therein a separate Payment Subaccount for each Participant with a Series C-2 District Note assigned to the Series C Pool, and
 - (C) [the Series D Payment Account and therein a separate Payment Subaccount for each Participant with a Series D District Note assigned to the Series D Pool,] and

- (2) within the Escrow Fund:

- (A) the [April Series] Escrow Account, and therein a separate Escrow Subaccount for each Series D District Note assigned to the Series D Pool funded in the amount of all or a portion of the Estimated June Deferral Amount.

(c) The proceeds received from the sale of the Series C-1 Authority Notes are to be deposited in the following funds in the following amounts:

Costs of Issuance Fund (Series C-1 Costs of Issuance Account) \$ _____

Proceeds Fund (with deposits to Proceeds Accounts attributable to the Series C-1 District Notes assigned to secure the Series C-1 Authority Notes in the amounts set forth in Schedule II hereto) \$ _____

(d) The proceeds received from the sale of the Series C-2 Authority Notes are to be deposited in the following funds or transferred pursuant to the following notices in the following amounts:

Costs of Issuance Fund (Series C-2 Costs of Issuance Account) \$ _____

Proceeds Fund (with deposits to Proceeds Accounts attributable to the Series C-2 District Notes assigned to secure the Series C-2 Authority Notes in the amounts set forth in Schedule III hereto) \$ _____

To transfer at Closing in accordance with irrevocable instructions provided to the Trustee to pay or prepay lease or debt \$ _____

service payments of District Senior Existing Indebtedness or Senior Loans in the amounts set forth in such irrevocable instructions and in Schedule III hereto)

(c) The proceeds received from the sale of the Series D Authority Notes are to be deposited in the following funds in the following amounts:

Series D Escrow Account of the Escrow Fund (with deposits to Escrow Subaccounts attributable to the Series D District Notes assigned to secure the Series D Authority Notes in the amounts set forth in Schedule IV hereto) \$ _____

Section 12.05. Series C-1 and Series C-2 Costs of Issuance Accounts. On the earliest of [September 1, 2021], or on such earlier date upon Request of the Authority, amounts, if any, remaining in the Series C-1 or Series C-2 Costs of Issuance Accounts and not required to pay identified Costs of Issuance for the Series C-1, Series C-2 and Series D Authority Notes specified in writing by the Municipal Advisor to the Trustee, including any initial or additional fees or expenses of the Trustee, shall be transferred to the Authority Note Payment Fund and credited to the Payment Subaccounts therein attributable to the applicable Series of District Notes assigned to secure the Series C Authority Notes and Series D Authority Notes, in proportion to the amounts initially deposited in the Costs of Issuance Accounts from proceeds of the Series C Authority Notes and Series D Authority Notes attributable to each Participant, as set forth in a certificate of the Municipal Advisor submitted to the Trustee.

Section 12.06. Proceeds Accounts. Funds in the Proceeds Fund shall be credited to the Proceeds Account attributable to the Series C Authority Notes and the Series D Authority Notes in amounts set forth in Schedules II, III and IV hereto with respect to the Series C District Notes and Series D District Notes. Moneys in each such Proceeds Account shall be disbursed by the Trustee in the name of the Participant to the County Treasury Pool of the Participant that issued the related Series A District Notes and Series B District Notes, respectively, at the April Series Closing Date or as soon thereafter as practical, pursuant to a Certificate of the Authority along with Requisitions in substantially the form attached as Exhibit C to the Indenture submitted by the Authority or the Municipal Advisor on behalf of Participants, and shall be used by the Participant for any purpose for which the Participant is authorized to use and expend moneys loaned to it by the Authority under the CSFA Act.

Section 12.07. Series D Escrow Account. Funds in the Escrow Subaccounts of the Series D Escrow Account within the Escrow Fund shall be credited to the Series D District Notes in amounts set forth in Schedule IV hereto reflecting the Estimated June Deferral Amounts with respect to each such Series D District Note. The amount remaining in the Series D Escrow Account following the Escrow Release Date, if any, shall be transferred by the Trustee to the corresponding Participant's Payment Subaccount as a credit towards the payment on such Participant's Series D District Note, and the Series D Escrow Account shall be closed.

Section 12.08. Investments. Any money held by the Authority or the Trustee in each Payment Account (and subaccounts therein) attributable to the Series C Authority Notes and Series D Authority Notes, and the Series D Escrow Account (and subaccounts therein), shall, to the fullest extent practicable, be invested in SMIF set forth in clause (9) of the definition of Permitted Investments herein, and otherwise may be invested (and, upon the Request or Requisition of any Participant, shall be invested with respect to its corresponding Payment Subaccount, as directed by such Participant) by the Trustee in Permitted Investments which will mature on or before the dates on which such money is anticipated to be needed for disbursement hereunder. To the extent the Trustee has not received any instruction with respect to the investment of funds in a Payment Account attributable to the Series C Authority Notes or the Series D Authority Notes, or the Series D Escrow Account, such amounts shall be invested by the Trustee in a money market fund offered by the Trustee or any of its affiliates meeting the requirements set forth in clause (6) of the definition of Permitted Investments herein.

Moneys in the Series C-1 Proceeds Account and Series C-2 Proceeds Account shall be transferred by the Trustee at Closing or as soon thereafter as practical to each Participant pursuant to a Certificate of the Authority, and thereafter invested by the applicable County Treasury of a County in which such Participant is situated in compliance with California Government Code Section 53601.1.

PART 2

MISCELLANEOUS

Part 2.1. Effect of First Supplemental Indenture. This First Supplemental Indenture and all of the terms and provisions herein contained shall form part of the Original Indenture, as amended, as fully and with the same effect as if all such terms and provisions had been set forth in the Original Indenture, as amended. The Original Indenture is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as heretofore amended and supplemented, and as amended and supplemented hereby. If there shall be any conflict between the terms of this First Supplemental Indenture and the terms of the Original Indenture (as in effect on the day prior to the effective date of this First Supplemental Indenture), the terms of this First Supplemental Indenture shall prevail.

Part 2.2. Effective Date of First Supplemental Indenture. This First Supplemental Indenture shall take effect upon the April Series Closing Date.

Part 2.3. Applicable Law. This First Supplemental Indenture shall be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

Part 2.4. Counterparts. This First Supplemental Indenture may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the Authority has caused this First Supplemental Indenture to be signed in its name by its Executive Director, or by such other person as has been designated by its governing board, and U.S. Bank National Association, as Trustee, to evidence its acceptance of the trust hereby created, has caused this First Supplemental Indenture to be signed in the name of the Trustee by an authorized officer of the Trustee, all as of the day and year first above written.

CALIFORNIA SCHOOL FINANCE
AUTHORITY

By _____
Title: [Executive Director][Deputy Treasurer for
California State Treasurer, Fiona Ma]

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Title: Authorized Officer

Participant	Series C-1 Principal Amount	Series C-2 Principal Amount	Series D Principal Amount	Total Principal Amount

SCHEDULE II

INITIAL DEPOSITS TO PARTICIPANTS'
SERIES C-1 DISTRICT NOTES (TAX-EXEMPT)
PROCEEDS ACCOUNTS

CLOSING DATE APRIL __, 2021

Participant	Series C-1 Authority Note Proceeds Amount	Repayment Periods	Payments

SCHEDULE III

INITIAL DEPOSITS TO PARTICIPANTS'
SERIES C-2 DISTRICT NOTES (FEDERALLY TAXABLE)
PROCEEDS ACCOUNTS AND PREPAYMENTS

CLOSING DATE APRIL __, 2021

Participant	Series C-2 Authority Note Proceeds Amount	Deposit to Series C-2 Proceeds Account	Transfer for District Senior Existing Indebtedness	Repayment Periods	Payments

SCHEDULE IV

INITIAL DEPOSITS TO PARTICIPANTS'
SERIES D DISTRICT NOTES (FEDERALLY TAXABLE)
ESCROW ACCOUNTS

CLOSING DATE APRIL __, 2021

Participant	Series D Authority Note Proceeds – Escrow Amount	Repayment Periods	Payment

DISTRICT NOTE PURCHASE AGREEMENT

This Note Purchase Agreement (the “Purchase Agreement”), dated as of the purchase date (the “Purchase Date”) specified in Exhibit A attached hereto and made a part hereof (inclusive of Schedule I, “Exhibit A”), entered into by and between each respective signatory school district, community college district or county office of education designated in Exhibit A, a political subdivision (respectively, the “District”) of the State of California (the “State”), severally and not jointly, and the California School Finance Authority (the “Authority”), for the sale and delivery of the District’s 2020-21 Tax and Revenue Anticipation Notes with the series and priority designations specified in Exhibit A (the “Notes”) in the principal amount specified in Exhibit A (the “Series Principal Amount”) to be issued in conjunction with certain series of notes of other Issuers (as hereinafter defined) participating in the Program as determined in the Confirmation of Pricing (as hereinafter defined) and pooled with certain series of notes of other Issuers, with the Notes and series of notes of other Issuers assigned to secure one or more series (each a “Series”) of notes of the Authority (the “Authority Notes”) as designated in Exhibit A;

WITNESSETH:

WHEREAS, school districts, community college districts and county boards of education are authorized by Sections 53850 to 53858, both inclusive, of the California Government Code (the “Act”) (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code) to borrow money by the issuance of temporary notes;

WHEREAS, the governing board of the District (the “District Board”) has heretofore adopted its resolution finding that the District needs to borrow funds in its fiscal year ending June 30, 2021 (“Fiscal Year 2020-21”) in the principal amount not to exceed the principal amount set forth in Exhibit A (the “Principal Amount”) and that it is desirable that a portion of said sum be borrowed at this time by the issuance of the Notes in the Series Principal Amount in anticipation of the receipt by or accrual to the District during Fiscal Year 2020-21 of taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for such fiscal year for the general fund of the District;

WHEREAS, on the applicable resolution date and applicable supplemental resolution date, if applicable, set forth in Exhibit A, the District Board and, because the District has not established fiscal accountability status, pursuant to Section 53853 of the Act, the Board of Supervisors of the County specified in Exhibit A, adopted/did not adopt (as specified in Exhibit A) a resolution and, if applicable, a supplemental resolution (collectively or singularly, as applicable, the “Resolution”) authorizing the issuance and sale of the Note in the name and on behalf of the District;

WHEREAS, the District has determined that it is in the best interests of the District to participate in the California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals Program (the “Program”), whereby participating school districts, community college districts and county offices of education (the “Issuers”) will simultaneously issue tax and revenue anticipation promissory notes for purchase by the Authority;

WHEREAS, from time to time, under the Program, the Authority may form one or more pools of notes (the “Pooled Notes”) each comprised of corresponding series of notes of a participating Issuer, and assign each such series of notes to a particular pool (the “Pool”) and sell one or more Series of Authority Notes secured by each Pool pursuant to an Indenture and, if applicable, one or more supplements thereto (collectively, the “Indenture”) between the Authority and U.S. Bank National Association (the “Trustee”), and sell each such Series of Authority Notes to RBC Capital Markets LLC and Citigroup Global Markets Inc., as co-managers, each as representatives of themselves and certain other underwriters of the Program (the “Underwriters”);

WHEREAS, the District, by adopting the Resolution and executing this Purchase Agreement, has acknowledged and approved the assignment of its Series of Notes to the particular Pool under the Indenture in connection with the Series of Authority Notes identified in Exhibit A, which assignment has been determined by the Authority in its sole discretion, acting upon the advice of Montague DeRose & Associates, its municipal advisor (the “Municipal Advisor”) and the Underwriters;

WHEREAS, as indicated in Exhibit A, the payment by the District of its Notes will/will not be secured in whole or in part (jointly, but not severally, with certain series of notes of the other participating Issuers assigned to the same Series of Authority Notes) by virtue or in form of such Series of Authority Notes being secured by a letter of credit, policy of insurance or other credit instrument (collectively, the “Credit Instrument”) to be issued in the case of a letter of credit or policy of insurance by the entity or entities designated in Exhibit A as the credit provider (the “Credit Provider”);

WHEREAS, in the case of a letter of credit or policy of insurance such Credit Instrument will be issued pursuant to a reimbursement or credit agreement or commitment letter (the “Credit Agreement”) as identified in Exhibit A;

WHEREAS, in order to participate in the Program, the District has agreed to be responsible for its share of the fees and expenses of the Trustee, and, if applicable and upon the determination of the Underwriters, the Credit Provider and the costs of issuing the Series of the Authority Notes, and the costs, if applicable and upon the determination of the Underwriters, of issuing the Credit Instrument, which anticipated fees, expenses and costs of issuance will be deducted from the purchase price set forth in Exhibit A and which unanticipated fees, expenses and costs of issuance will be billed to the District as the same arise;

WHEREAS, the costs of issuance which will be deducted from the purchase price set forth in Exhibit A for the District shall not be more than the greater of (a) one percent (1%) of the Series Principal Amount of the Notes, or (b) five thousand dollars (\$5,000), and shall be confirmed in the Confirmation of Pricing applicable to such Notes; and

WHEREAS, pursuant to the Program, the Authority is submitting this offer to purchase the Notes pursuant to this Purchase Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Obligation to Purchase. Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Authority hereby agrees

to purchase from the District, and the District hereby agrees to sell to the Authority, the Notes (as indicated in Exhibit A), as described herein and in the Resolution.

Section 2. Purchase Price. The purchase price of the Notes shall be the purchase price set forth in a Confirmation of Pricing supplement to be delivered by the Underwriters on behalf of the Authority to the District on a date within 10 days after actual pricing of such Notes (or such later date as approved by the Underwriters) which, upon execution by the District, shall be attached hereto as Schedule I (the “Confirmation of Pricing”) and incorporated as part of Exhibit A. The Note shall bear interest at an interest rate per annum set forth in the Confirmation of Pricing, which is hereby agreed to by and between the Authority and the District by its duly authorized officer executing this Purchase Agreement on behalf of the District.

Section 3. Delivery of and Payment for the Notes. The delivery of the Notes (the “Closing”) shall take place at 8:00 a.m., California time, on the closing date set forth in the Confirmation of Pricing or at such other time or date as may be mutually agreeable to the District, the Authority and the Underwriters, at the Los Angeles offices of Norton Rose Fulbright US LLP or such other place as the District, the Authority and the Underwriters shall mutually agree upon. At the Closing, the District shall cause the Notes to be delivered to the Authority, duly executed and authenticated, together with the other documents hereinafter mentioned, and the proceeds of the purchase price of the Notes set forth in the Confirmation of Pricing shall be deposited (i) in an amount indicated in the Confirmation of Pricing as the Deposit to the Proceeds Account of the District (and attributed to the Notes) held by the Trustee under the Indenture, and (ii) the remainder in the account (attributed to the Notes) in the Costs of Issuance Fund attributed to the Series of Authority Notes held by the Trustee under the Indenture. The District’s Notes shall be made available to the Authority for inspection at least 24 hours prior to Closing.

[FOR NON STATE-CREDIT ISSUERS] If at any time prior to 25 days after the Closing Date, any event occurs as a result of which information relating to the District included in the official statement of the Authority relating to the Series of Authority Notes (the “Official Statement”) contains an untrue statement of a material fact or omits to state any material fact necessary to make the statements therein in light of the circumstances under which they were made, not misleading, the District shall promptly notify the Authority and the Underwriters thereof, and if, in the opinion of the Authority or the Underwriters, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will cooperate with the Authority and the Underwriters in the preparation of an amendment or supplement to the Official Statement in a form and in a manner approved by the Authority and the Underwriters, and all reasonable expenses incurred thereby will be paid by the Underwriters.

Section 4. The Notes. The Notes shall be issued in registered form, without coupons in the full Series Principal Amount set forth in Exhibit A.

Section 5. Representations and Warranties of the District. The District represents and warrants to the Authority, the Underwriters and the Credit Provider, if any, that:

(a) All representations and warranties set forth in the Resolution are true and correct on the date hereof and are made for the benefit of the Authority and the Underwriters as if set forth herein.

(b) A copy of the Resolution has been delivered to the Authority and the Underwriters, and the Resolution will not be amended or repealed without the consent of the Authority and the Underwriters, which consent will not be unreasonably withheld.

(c) The District does not have “fiscal accountability status” within the meaning of Section 42650 of the Education Code of the State of California.

(d) The District has not revised its investment policy to contravene the policy set forth in Section 11(H) of the Resolution.

(e) The District has previously issued the 2020-21 Tax and Revenue Anticipation Notes (the “Prior Notes”), if any, indicated on Schedule I of Exhibit A hereto. Such Prior Notes are outstanding on the date hereof and are senior to, on a parity with or subordinate to the Notes, as indicated on Schedule I. No event of default has occurred and is continuing under the Resolution pursuant to which the Prior Notes were issued. The District is in compliance with all agreements and covenants contained in the Resolution.

Section 6. Conditions Precedent to the Closing. Conditions precedent to the Closing are as follows:

(a) The execution and delivery of the Notes consistent with the Resolution.

(b) Delivery of a legal opinion addressed to the District (with a reliance letter addressed to the Authority and the Credit Provider, if any), dated the date of Closing, of Norton Rose Fulbright US LLP (“Bond Counsel”) with respect to the validity of the Notes in form and substance acceptable to the District and its counsel.

(c) [Delivery of a legal opinion addressed to the Authority, the Underwriters and the Credit Provider, if any, dated the date of the Closing, of _____, special counsel to the District, regarding due authorization, execution, delivery and validity of the Notes, in form and substance acceptable to the Authority, the Underwriters, the Credit Provider and Bond Counsel.]

(d) If applicable, approval by the Credit Provider of the credit of the District and inclusion of the District’s Note in the assignment, together with certain series of notes of other Issuers, to the Series of Authority Notes to secure such Series of Authority Notes.

(e) Delivery of each certificate, document, instrument and opinion required by the agreement between the Authority and the Underwriters for the sale by the Authority and purchase by the Underwriters of the Series of Authority Notes.

(f) Delivery of such other certificates, instruments or opinions as Bond Counsel may deem necessary or desirable to evidence the due authorization, execution and delivery of documents pertaining to the applicable transaction and the legal, valid and binding nature thereof or as may be required by the Credit Agreement, if any, as well as compliance of all parties with the terms and conditions thereof.

Section 7. Events Permitting the Authority to Terminate. The Authority may terminate its obligation to purchase the Notes at any time before the Closing if any of the following occurs:

(a) Any legislative, executive or regulatory action (including the introduction of legislation) or any court decision which, in the judgment of the Underwriter, casts sufficient doubt on the legality of or the tax-exempt status of interest on obligations such as the Series of Authority Notes, so as to materially impair the marketability or to materially reduce the market price of such obligations;

(b) Any action by the Securities and Exchange Commission or a court which would require registration of the Notes, the Series of Authority Notes, or any instrument securing the Note or the Series of Authority Notes under the Securities Act of 1933, as amended, in connection with the public offering thereof, or qualification of the Resolution or the Indenture under the Trust Indenture Act of 1939, as amended; or

(c) Any restriction on trading in securities, or any banking moratorium, or the inception or escalation of any war or major military hostilities which, in the judgment of the Underwriter, substantially impairs the ability of the Underwriters to market the Series of Authority Notes.

(d) The Underwriters terminate their obligation to purchase the Series of Authority Notes pursuant to their agreement with the Authority for the purchase of such Series of Authority Notes.

Neither the Underwriters nor the Authority shall be responsible for the payment of any fees, costs or expenses of the issuance, offering and sale of the District's Notes except the Underwriters shall be responsible for California Debt and Investment Advisory Commission fees and for their own internal costs. The fees, costs and expenses that are categorized in the "Costs of Issuance" definition in the Indenture shall be paid from the applicable account in the Costs of Issuance Fund applicable to the Series of Authority Notes corresponding to the Note. The District shall pay as set forth in the Resolution any additional costs attributable to it other than the fees, costs and expenses so payable from the applicable account in the Costs of Issuance Fund.

Section 8. Limited Liability. Notwithstanding anything to the contrary contained herein or in any series of notes or in any other document mentioned herein or related to the Notes or to any Series of Authority Notes to which the Notes are assigned, neither the County nor the District shall have any liability hereunder or by reason hereof or in connection herewith or with the transactions contemplated hereby except to the extent payable from moneys available therefor as set forth in Section 11 of the Resolution of the District.

Section 9. Credit Agreement. The District hereby agrees to comply with all lawful and proper requests of the Authority in order to enable the Authority to comply with all of the terms, conditions and covenants binding upon it, if any, under the Credit Agreement, if any, applicable to the Notes.

Section 10. Default. If any "Event of Default" under the Resolution shall occur, the District, the Trustee and the Credit Provider, if any, shall take the remedial steps as and to the extent provided in the Resolution, the Indenture and the Credit Agreement.

Section 11. Notices. Any notices to be given to the Authority or the Underwriters under the Purchase Agreement shall be given in writing at the addresses set forth in Exhibit A. Any notices to be given to the District shall be given in writing to the address specified in Exhibit A.

Section 12. No Assignment. The Purchase Agreement has been made by the District and the Authority, and no person other than the District named in Exhibit A and the Authority or their successors or assigns and the Underwriters shall acquire or have any right under or by virtue of the Purchase Agreement. All of the representations, warranties and agreements contained in the Purchase Agreement shall survive the delivery of and payment by the Authority for the Notes and any termination of the Purchase Agreement.

Section 13. Applicable Law. The Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State of California.

Section 14. Effectiveness. The Purchase Agreement shall become effective as to the Notes upon the execution hereof and execution of the Confirmation of Pricing applicable to such Notes by the District, and the Purchase Agreement, including the Confirmation of Pricing applicable to such Notes, shall be valid, binding and enforceable as to such Notes from and after the time of such effectiveness.

Section 15. Severability. In the event any provision of the Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 16. Execution in Counterparts; Electronic Signatures and Electronic Records. The Purchase Agreement may be executed and entered into in several counterparts, including counterparts that are manually executed and counterparts that are executed with an electronic signature, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument; provided, however, that each signatory District shall be bound severally and only by and to the extent of the terms of Exhibit A applicable to such District, as incorporated herein. The person associated with any such signature shall be deemed to have had the intent to sign this Purchase Agreement with an electronic signature and agrees that execution of this Purchase Agreement by electronic signature is attributable to such person. All parties executing this Purchase Agreement expressly agree under the California Uniform Electronic Transactions Act (“UETA”) (California Civil Code §1633.1 et seq.), that this Purchase Agreement and all other agreements, certificates, opinions and similar records (“documents”) relating to the Notes constitute a “transaction” under the UETA and expressly agree to allow all aspects of the transaction to which the UETA can apply to be conducted by electronic means. For these purposes, a signature by fax, e-mail, or other electronic technology on a document relating to the Notes shall constitute an “electronic signature” to an “electronic record” under the UETA with respect to this specific transaction.

An electronic signature means a signature that is executed by symbol attached to or logically associated with a record and includes facsimile signatures or signatures transmitted by electronic mail in so-called PDF format. All parties to this Purchase Agreement (a) agree that an electronic signature, whether digital or encrypted, of a party to this Purchase Agreement or any other electronic record associated with the Notes is intended to authenticate this writing and to

have the same force and effect as a manual signature; (b) intended to be bound by the signatures (whether original, faxed, or electronic) on any document relating to the Notes sent or delivered by facsimile or electronic mail or other electronic means; (c) are aware that the other party(ies) will rely on such signatures; and, (d) hereby waive any defenses to the enforcement of the terms of this Purchase Agreement or any other document related to the Notes based on the foregoing forms of signature.

[Remainder of page intentionally left blank.]

**CALIFORNIA SCHOOL FINANCE
AUTHORITY**

By _____
Executive Director

Accepted:

U.S. BANK NATIONAL ASSOCIATION

By _____
Authorized Officer

EXHIBIT A

Each following page shall be used by the District to execute and enter into the Purchase Agreement between the District (severally and not jointly with other school districts, community college districts and county boards of education) and the California School Finance Authority, and shall bind the District to all of the terms and conditions of this Purchase Agreement, subject to the additional terms of this Exhibit A, including Schedule I.

District: _____ School District

Address: _____

County: _____

Executed and entered into on the Purchase Date set forth in Schedule I attached hereto and incorporated herein.

_____ School District

By _____
Name:
Title:

Notices. Any notices to be given to the Authority or the Underwriters under the Purchase Agreement shall be given in writing at the following addresses:

If to the Authority:

California School Finance Authority
300 S Spring Street, Suite 8500
Los Angeles, California 90013
Attention: Executive Director
Katrina.johantgen@treasurer.ca.gov

California State Treasurer's Office
Public Finance Division
915 Capitol Mall, Room 261
Sacramento, California 95814
Attention: Director
bfowler@treasurer.ca.gov

If to the Underwriters, to the Senior Managers:

RBC Capital Markets, LLC
777 South Figueroa Street, Suite 850
Los Angeles, California 90017
Attention: Managing Director
Greg.dawley@rbccm.com

Citigroup Global Markets, Inc.
300 South Grand Avenue, Suite 3110
Los Angeles, California 90071
Attention: Managing Director
Christopher.mukai@citi.com

SCHEDULE I

CONFIRMATION OF PRICING
APPLICABLE TO THE DISTRICT SERIES A NOTES

School District Information:

School District:

Address:

County:

CDS Code (K-12 only):

Joint Senior Managers:

RBC Capital Markets, LLC and Citigroup
Global Markets, Inc.

Trustee:

U.S. Bank National Association

Terms of the Note:

Priority of Note:

Note Series

Senior

Series Principal Amount of the Note:

Series A

Priced to Yield: \$ _____

Interest Rate (Note Rate): _____ %

Default Rate: _____ %

Maturity Date: As specified in the Indenture.
_____, 20 ____

Interest Payment Date(s): _____, 20 ____

Premium: \$ _____

Underwriters' Discount \$ _____

Purchase Price
(Principal + Premium - UW Discount): \$ _____

Costs of Issuance \$ _____

Deposit to Proceeds Account (Series A): (net
of costs of issuance) \$ _____

Amount due at Maturity (Principal Amount
plus interest) \$ _____

Series of Authority Notes to which Note will be assigned: California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), Series ____]

Purchase Date: _____, 2021

Closing Date: _____, 2021

Approval Information:

Date of School District's Resolution: [_____, 2020/21]

Date of School District's Supplemental Resolution N/A

Maximum Borrowing Amount approved by District ("Principal Amount") [\$_____]

District has Fiscal Accountability Status: [No][Yes]

County adopted Resolution: [___ yes ___ no]

Repayment Period:

First Repayment Period: _____, 20____ [Percentage of total Series] Principal Amount [and interest thereon due at maturity]: \$_____ through and including _____, 20____

Second Repayment Period: _____, 20____ [Percentage of total Series] Principal Amount [and interest thereon due at maturity]: \$_____ through and including _____, 20____

Third Repayment Period: _____, 20____ [Percentage of total Series] Principal Amount [and interest thereon due at maturity]: \$_____ through and including _____, 20____

Fourth Repayment Period:	<u> </u> , 20 <u> </u> through and including <u> </u> , 20 <u> </u>	interest thereon due at maturity]: [Percentage of total Series] Principal Amount [and interest thereon due at maturity]: [Percentage of total Series] Principal Amount and interest thereon due at maturity:	\$ <u> </u> \$ <u> </u>
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Alternative Provisions Permitted by Resolution:

The following alternative provisions permitted by the Resolution shall apply with respect to the Series A Notes (capitalized undefined terms shall have the meanings ascribed thereto in the Resolution):

1. [TO BE UPDATED BASED ON STATE CREDIT ISSUER STATUS] [The Trustee shall transfer to the District's Payment Account relating to its Series A Notes from Deferral Amounts of the District received and attributed to such Series of Notes on the first day of each Repayment Period, amounts which, taking into consideration anticipated earnings thereon to be received by the Maturity Date, are equal to the percentages of the principal and interest due with respect to such Series of Notes at maturity for the corresponding Repayment Period set forth in the applicable Confirmation of Pricing; provided, however, that on the first day of the last Repayment Period designated in such Confirmation of Pricing, or, if only one Repayment Period is applicable to the Series A Notes, on the first day of the Repayment Period designated in such Confirmation of Pricing, the Trustee shall transfer all Deferral Amounts of the District received and attributed to such Series of Notes to the related Payment Account all as and to the extent provided in the Indenture; provided, however, that with respect to the transfer in any such Repayment Period (or single Repayment Period), if said Deferral Amount attributed to such Series of Notes is less than the corresponding percentage set forth in the Confirmation of Pricing applicable to such Series of Notes of the principal and interest due with respect to such Series of Notes at maturity, the Trustee shall transfer to the related Payment Account attributed to such Series of Notes of the District all Deferral Amounts attributed to such Series of Notes on the day designated for such Repayment Period.]

2. [TO BE UPDATED BASED ON STATE CREDIT ISSUER STATUS] As provided in Section 53857 of the Act, notwithstanding the provisions of Section 53856 of the Act and of subsection (C) of Section 11 of the Resolution, all Series of Notes issued under the Resolution shall be general obligations of the District and, in the event that on the tenth Business Day (as defined in the Indenture) prior to the end of a Repayment Period the [Trustee for State Credit Issuer][District] has not received sufficient [Deferral Amounts][Unrestricted Revenues] of the District to permit the deposit into each Payment Account of the full amount of Pledged Revenues to be deposited therein from said [Deferral Amounts][Unrestricted Revenues] in such Repayment Period, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the payment of the principal of all Series of Notes and the interest thereon, as and when such other moneys are received or are otherwise legally available, in the following order of priority: first, to satisfy pro-rata any deficiencies attributable to any Series of Senior Notes; second, to satisfy pro-rata any deficiencies attributable to any Series of Subordinate Notes (except for any Series of Subordinate Notes described in the next clause); and thereafter, to satisfy any deficiencies attributable to any other Series of Subordinate Notes that shall have been further subordinated to previously issued Series of Subordinate Notes in the applicable Confirmation of Pricing, in such order of priority.]

Prior Notes:

Prior tax and revenue anticipation notes for 2020-21 fiscal year: [None]

Seniority Status of Prior Notes: N/A

Certifications:

The undersigned District officer (the “Authorized Officer”) hereby certifies that he/she has reviewed the Purchase Agreement dated the Purchase Date set forth on the first page of this Confirmation of Pricing Supplement (the “Purchase Agreement”), by and between the District and the California School Finance Authority, attached hereto and that:

(1) The undersigned has been duly authorized by the Governing Board of the District to execute this Confirmation of Pricing Supplement and take the other actions contemplated herein.

(2) The sale of the District’s Notes as contemplated in the Purchase Agreement, on the terms and conditions set forth in this Confirmation of Pricing Supplement, is hereby approved.

(3) The representations, warranties and covenants set forth in Section 5 of the Purchase Agreement and Section 15 of the District’s Resolution authorizing the Note are true and correct on and as of the date hereof.

(4) [As of the date hereof, the District has not filed or received a qualified or negative certification in Fiscal Year 2019-20 or Fiscal Year 2020-21 within the meaning of Section 42133 of the Education Code of the State of California. The District covenants that it will immediately deliver a written notice to the Authority, Underwriters, the Credit Provider (if applicable) and Bond Counsel (Norton Rose Fulbright US LLP) if it (or, in the case of County Offices of Education, the County Superintendent of Schools) files with the County Superintendent of Schools, the County Offices of Education or the State Superintendent of Public Instruction or receives from the County Superintendent of Schools or the State Superintendent of Public Instruction a qualified or negative certification applicable to Fiscal Year 2019-20 or Fiscal Year 2020-21 prior to the Maturity Date or the Closing Date of the Notes set forth above.]

[ALTERNATIVE PARAGRAPH IF DISTRICT FILED/RECEIVED A QUALIFIED CERTIFICATION]

[(4) As of the date hereof, the District has filed or received a qualified certification [or negative certification] in Fiscal Year 2019-20 or Fiscal Year 2020-21 within the meaning of Section 42133 of the Education Code of the State of California. The District covenants that it will immediately deliver a written finding that payment of the Note is probable by the County Superintendent of Schools (in the case of a school district) or the Superintendent of Public Instruction (in the case of a county office of education) to the Trustee, the Underwriters, the Credit Provider (if applicable), and Bond Counsel (Norton Rose Fulbright US LLP). The District also covenants that it will immediately deliver a written notice to the Trustee, the Underwriters, the Credit Provider (if applicable) and Bond Counsel if it (or, in the case of County Offices of Education, the County Superintendent of Schools) files with the County Superintendent of

Schools, the County Office of Education or the State Superintendent of Public Instruction, or receives from the County Superintendent of Schools or the State Superintendent of Public Instruction, a negative certification applicable to Fiscal Year 2019-2020 or a qualified or negative certification applicable to Fiscal Year 2020-21 prior to the Maturity Date or the Closing Date of the Notes set forth above.]

(5) As of the date hereof, (A) the aggregate amount of all tax-exempt obligations (including any tax-exempt leases, but excluding private activity bonds), issued and to be issued by the District (and all subordinate entities of the District) during calendar year 2021, including the Series Principal Amount of the Notes, is not reasonably expected to exceed \$15,000,000 and (B) the Series Principal Amount of the Notes, together with the aggregate amount of all tax-exempt obligations not used to finance school construction (including any tax-exempt leases, but excluding private activity bonds) issued and reasonably expected to be issued by the District (and all subordinate entities of the District) during calendar year 2021, is not reasonably expected to exceed \$5,000,000. The District has not and will not undertake any actions with the primary purpose of increasing the size of the District's Notes.

[ALTERNATIVE PARAGRAPH IF DISTRICT WILL BE SAFE HARBOR ISSUER]

[(5) The District covenants that it shall make all calculations in a reasonable and prudent fashion relating to any rebate of excess investment earnings on the proceeds of the Notes due to the United States Treasury, shall segregate and set aside from lawfully available sources the amount such calculations may indicate may be required to be paid to the United States Treasury, and shall otherwise at all times do and perform all acts and things necessary and within its power and authority, including complying with the instructions of Norton Rose Fulbright US LLP, Bond Counsel referred to in Section 16 of the Resolution, to assure compliance with the rebate requirement (the "Rebate Requirement") contained in Section 148(f) of the Code. If the balance in the Proceeds Account treated for federal tax purposes as proceeds of the Notes attributable to cash flow borrowing is not low enough to qualify amounts held in the Proceeds Account for an exception from the Rebate Requirement on at least one date within the six month period following the date of issuance of the Notes (calculated in accordance with Section 16 of the Resolution and [Section III] of the District Certificate), the District will reasonably and prudently calculate the amount, if any, of investment profits which must be rebated to the United States and will immediately set aside, from revenues attributable to the Fiscal Year 2020-21 or, to the extent not available from such revenues, from any other moneys lawfully available, the amount of any such rebate referred to in Section 16 of the Resolution. [As set forth in greater detail in the District Tax Certificate, the District will certify as to its reasonably expected "maximum anticipated cumulative cash-flow deficit." To the extent, as set forth in the District Tax Certificate, less than 100% of the proceeds of the District Notes are treated as "spent" for purposes of Section 148 of the Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations thereunder (the "Arbitrage Regulations"), the District shall be subject to the arbitrage rebate requirements (the "Rebate Requirement") of Section 148 of the Code. In such event, the District shall promptly notify the Authority in writing using a form of notification appended to the District Tax Certificate, that the District Notes do not qualify for an exception to arbitrage rebate and, therefore, proceeds of the District Note must be taken into account by the Authority's arbitrage rebate consultant in calculating the Authority's rebate liability, if any, with respect to the issue of Authority Notes to which the District Notes are allocable. The District agrees to pay to the Authority the District's

share of the Authority's rebate liability, if any, as determined by the Authority's arbitrage rebate consultant.]

(6) The District covenants that it will not issue any additional tax and revenue anticipation notes during Fiscal Year 2020-21 unless such additional notes are issued in compliance with Section 5 of such Note Resolution.

(7) The District covenants that it will promptly notify the Credit Provider, if any, the Underwriters and the Authority if (i) any State aid to the District is rescinded, (ii) the District voluntarily elects to have any such State aid deposited directly with the Trustee, (iii) the District changes any such direct deposit, or (iv) any event occurs which constitutes an Event of Default under the Resolution or would constitute an Event of Default but for the requirement that notice be given, or time elapse, or both.

(8) [FOR NON STATE-CREDIT ISSUERS] I have reviewed the Preliminary Official Statement accompanying this Confirmation of Pricing Supplement and, on behalf of the District, the information contained therein relating to the District does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(9) The Trustee is hereby authorized to fill in any blank spaces contained in the District's series of Notes, in conformity with Section 12 of the Resolution and this Confirmation of Pricing Supplement.

(10) I have read the Indenture accompanying this Confirmation of Pricing Supplement and approve all terms thereof and any changes made to the form approved pursuant to Section 6 of the Resolution. The District acknowledges that the Authority is authorized to execute the Indenture, to assign the Series of Notes to the Trustee under the Indenture and to issue the Series of Authority Notes pursuant to the Indenture.

(11) [FOR NON STATE-CREDIT ISSUERS] In order to assist the Authority in fulfilling its obligation to timely report the occurrence of certain enumerated events as set forth in Rule 15c2-12(b)(5) adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the District hereby obligates itself to report (within 5 business days of the occurrence thereof) to the Authority and U.S. Bank National Association, as trustee, the occurrences of the following events: (i) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation (as defined below) of the District, any of which reflect financial difficulties, and (ii) the incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material.

“Financial Obligation” means (i) a debt obligation (i.e., short-term and long-term obligations under the terms of an indenture, loan agreement, lease or similar contract, regardless of the length of the debt obligation's repayment period), (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of a debt obligation or derivative instrument.

“Financial Obligation” does not include (i) ordinary financial and operating liabilities incurred in the normal course of business by an issuer, or (ii) municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system and for which the District has entered into a continuing disclosure agreement.

(12) If the Permitted Investment is the Investment Agreement, I have read the draft Investment Agreement (in substantially final form) accompanying this Confirmation of Pricing Supplement and, on behalf of the District, approve their terms and authorize and request the Trustee to enter into the Investment Agreement.

(13) The following officers of the District hold their respective offices as of this date and will hold their respective offices as of _____, 2021:

[List signatories to Resolution Certificate, Note (if applicable), Purchase Agreement, and District Closing Certificate]

_____ – Superintendent

_____ – Chief Financial Officer

_____ – Board President

_____ – Board Clerk

(If any of the foregoing individuals no longer holds his/her respective office, please cross out the name of such person and print above it the name of the person succeeding to that office.)

Agreed and accepted to on the Purchase Date set forth above.

_____ SCHOOL DISTRICT

By: _____

Name:

Title:

NOTE PURCHASE AGREEMENT

**CALIFORNIA SCHOOL FINANCE AUTHORITY
STATE AID INTERCEPT NOTES
(FISCAL YEAR 2020-21 SCHOOL AND COMMUNITY COLLEGE DISTRICT DEFERRALS)**

comprised of

**\$[_____]
2021 Series A-1 (Tax-Exempt)**

**\$[_____]
2021 Series A-2 (Federally Taxable)**

and

**\$[_____]
2021 Series B (Federally Taxable)**

March [], 2021

The Honorable Fiona Ma
Treasurer of the State of California
915 Capitol Mall, Room 261
Sacramento, California 95814

California School Finance Authority
915 Capitol Mall, Room 101
Sacramento, California 95814
Attention: Executive Director

Ladies and Gentlemen:

The undersigned, RBC Capital Markets, LLC and Citigroup Global Markets Inc. (together, the “Underwriters”), offer to enter into the following agreement (this “Agreement”) with the California School Finance Authority (the “Authority”), and the Honorable Fiona Ma, Treasurer of the State of California (the “State Treasurer”), as agent for sale on behalf of the Authority, which, upon the State Treasurer’s and the Authority’s written acceptance of this offer, will be binding upon the State Treasurer, the Authority and the Underwriters. This offer is made subject to the State Treasurer’s and the Authority’s written acceptance hereof on or before 11:59 p.m., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the State Treasurer and the Authority at any time prior to the acceptance hereof by the State Treasurer and the Authority. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Indenture (as defined herein) or in the Preliminary Official Statement (as defined herein).

1. **Purchase and Sale of the Notes.** Upon the basis of the representations, warranties and agreements herein set forth and subject to the terms and conditions contained herein, the Underwriters hereby agree to purchase from the State Treasurer, as agent for sale on behalf of the Authority, and the State Treasurer, as agent for sale on behalf of the Authority, hereby agrees to

sell and deliver to the Underwriters, all (but not less than all) of the California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-1 (Tax-Exempt) (the “Tax- Exempt Notes”), the California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-2 (Federally Taxable) (the “Series A-2 Notes”) and the California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series B (Federally Taxable) (the “Series B Notes,” and collectively with the Tax-Exempt Notes and the Series A-2 Notes, the “Notes”).

Underwriters Not Acting as Advisors or Fiduciaries. The State Treasurer, the Authority, and the Underwriters acknowledge and agree that (i) the purchase and sale of the Notes pursuant to this Agreement is an arm’s-length, commercial transaction among the State Treasurer, the Authority, and the Underwriters in which the Underwriters are acting solely as principals and are not acting as agents, advisors or fiduciaries to the State Treasurer or the Authority; (ii) the Underwriters have not assumed any advisory or fiduciary responsibility to the State Treasurer or the Authority with respect to this Agreement, the offering of the Notes and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters, or any affiliate of the Underwriters, have provided other services or is currently providing other services to the State Treasurer or the Authority on other matters), (iii) the only contractual obligations the Underwriters have to the State Treasurer and the Authority with respect to the transactions contemplated hereby are those set forth in this Agreement, (iv) the Underwriters have financial and other interests that differ from those of the State Treasurer and the Authority and (v) the State Treasurer and the Authority have consulted with their own legal, accounting, tax, financial and other advisors, as applicable, to the extent they have deemed appropriate. Nothing in this paragraph is intended to limit the Underwriters’ obligations of fair dealing under Rule G-17 promulgated by the Municipal Securities Rulemaking Board (the “MSRB”).

The Underwriters will purchase (i) the Tax-Exempt Notes at a price of \$[_____], which represents the aggregate principal amount of the Tax-Exempt Notes in the amount of \$[_____], plus a premium in the amount of \$[_____] and less an Underwriters’ discount of \$[_____] (the “Tax-Exempt Notes Purchase Price”); (ii) the Series A-2 Notes at a price of \$[_____], which represents the aggregate principal amount of the Series A-2 Notes in the amount of \$[_____], [plus a premium in the amount of \$[_____]] and less an Underwriters’ discount of \$[_____] (the “Series A-2 Notes Purchase Price”); and (iii) the Series B Notes at a price of \$[_____], which represents the aggregate principal amount of the Series B Notes in the amount of \$[_____], [plus a premium in the amount of \$[_____]] and less an Underwriters’ discount of \$[_____] (the “Series B Notes Purchase Price” and, collectively with the Tax-Exempt Notes Purchase Price and the Series A-2 Notes Purchase Price, the “Purchase Price”).

The Notes will be issued by the Authority under the Indenture, dated as of March 1, 2021 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), as authorized by a resolution of the Authority adopted on [_____], 2021 (the “Resolution”). The Authority is authorized to enter into the Indenture and to purchase the District Notes (as defined below) pursuant to its authorizing statute, the California School Finance Authority Act, commencing at Section 17170 et seq. of the Education Code of the State. The Notes

will mature in the amounts and on the dates, and bear interest at the rates, and shall be subject to redemption as set forth in Schedule I hereto.

The Notes are payable from certain State of California aid, comprised of Deferral Amounts (as defined and described in the Preliminary Official Statement), attributable to fiscal year 2020-21 due to certain school districts, county offices of education and community college districts (each, a “Participant”) and intercepted by the Controller (the “Controller”) of the State of California for deposit with the Trustee under the Indenture. Each Participant has issued one or more tax and revenue anticipation notes (each, a “District Note”), under which such Participant has pledged its Deferral Amounts, and each District Note shall be immobilized with the Trustee until the maturity date for the applicable series of Notes as set forth in Schedule I hereto.

To ensure compliance with the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the State of California and the Authority will enter into a continuing disclosure certificate (the “Continuing Disclosure Certificate”) pursuant to which they will provide information concerning certain listed events under Rule 15c2-12.

The Underwriters have entered into this Agreement in reliance upon (i) the representations and warranties of the Authority contained herein, (ii) the certificates of the Authority and the Trustee to be delivered pursuant hereto and (iii) the opinions of (a) Norton Rose Fulbright US LLP, Los Angeles, California, as note counsel (“Note Counsel”), (b) Nixon Peabody LLP, Los Angeles, California, as disclosure counsel, (c) the Honorable [_____], Attorney General of the State of California, as counsel to the Authority (d) Katten Muchin Rosenman LLP, as counsel to the Underwriters and (e) counsel to the Trustee required to be delivered hereby.

The Indenture, this Agreement, the Memorandum of Understanding, dated as of March 1, 2021, by and among the Authority, the Controller and the California Department of Education (the “K-12 MOU”), the Memorandum of Understanding, dated as of March 1, 2021, by and among the Authority, the Controller, and the Chancellor of California Community Colleges (the “CCD MOU” and, together with the K-12 MOU, the “MOUs”), the Tax Certificate dated March [], 2021, prepared by Note Counsel and executed by the Authority (the “Tax Certificate”) and the Continuing Disclosure Certificate are sometimes collectively referred to herein as the “Authority Documents.”

2. Establishment of Issue Price.

A. The Underwriters agree to assist the Authority in establishing the issue price of the Tax-Exempt Notes and shall execute and deliver to the Authority at Closing an “issue price” or similar certificate, together with supporting wires or equivalent communications, substantially in the applicable form attached hereto in Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriters, the Authority and Note Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Tax-Exempt Notes.

B. The Authority will treat the first price at which 10% of the Tax-Exempt Notes (the “10% test”) is sold to the public as the issue price. At or promptly after the execution of this

Agreement, the Underwriters shall report to the Authority, with a copy to the State Treasurer, the price or prices at which the Underwriters have sold to the public the Tax-Exempt Notes. If at that time the 10% test has not been satisfied, the Underwriters agree to promptly report to the Authority, with a copy to the State Treasurer, on each business day until and including the Closing Date and on a weekly basis thereafter the prices at which Tax-Exempt Notes have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied or until all Tax-Exempt Notes have been sold to the public.

(i) Schedule I also sets forth, as of the date of the Purchase Contract, the Tax-Exempt Notes for which the 10% test has not been satisfied, including any Tax-Exempt Notes for which the Authority and the Underwriters agree that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of the Tax-Exempt Notes as of the sale date as the issue (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to the Tax-Exempt Notes, the Underwriters will neither offer nor sell unsold Tax-Exempt Notes to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(a) the closing of the fifth (5th) business day after the sale date; or

(b) the date on which the Underwriters have sold at least 10% of the Tax-Exempt Notes to the public at a single price that is no higher than the initial offering price to the public.

(ii) The Underwriters shall within one business day report to the Authority, with a copy to the State Treasurer, when it has sold 10% of the Tax-Exempt Notes to the public at a single price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date (this reporting requirement, if applicable, together with the reporting requirement in the immediately preceding paragraph, the “Reporting Requirements”).

C. The Underwriters confirm that any selling group agreement relating to the initial sale of the Tax-Exempt Notes to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group to (A) report the prices at which it sells to the public the unsold Tax-Exempt Notes allotted to it until it is notified by the Underwriters that either the 10% test has been satisfied as to the Tax-Exempt Notes or all Tax-Exempt Notes have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriters. The Authority acknowledges that, in making the representation set forth in this subsection, the Underwriters will rely on in the event a selling group has been created in connection with the initial sale of the Tax-Exempt Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires. The Authority further acknowledges that the Underwriters shall not be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its

corresponding agreement regarding the hold-the-offering-price rule as applicable to the Tax-Exempt Notes.

D. The Underwriters acknowledge that sales of any Tax-Exempt Notes to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Tax-Exempt Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Tax-Exempt Notes to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Tax-Exempt Notes to the public),

(iii) a purchaser of any of the Tax-Exempt Notes is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Agreement by all parties.

3. **Public Offering.** The Underwriters agree to make a bona fide public offering of all of the Notes at the initial public offering prices or yields as set forth in Schedule I attached hereto and may subsequently change such offering prices or yields without any requirement of prior notice. The Underwriters may offer and sell Notes to certain dealers (including dealers depositing Notes into investment trusts) and others at prices or yields lower than the public offering price or yield set forth in Schedule I attached hereto.

4. **The Official Statement.** The Authority has approved the use of the Preliminary Official Statement dated March [], 2021 (such Preliminary Official Statement, including the cover page and all appendices, exhibits, reports and statements included therein or attached thereto, and any amendments and supplements thereto, being herein called the “Preliminary Official Statement”). The Authority represents and warrants that the Preliminary Official Statement dated March [], 2021 was deemed final by the Authority as of its date for purposes of Rule 15c2-12. The Authority represents that it has reviewed and approved the information in the Preliminary Official Statement and hereby authorizes the Preliminary Official Statement to be used by the Underwriters in connection with the public offering and the sale of the Notes. The Authority will cause the delivery of a final printed form of the Official Statement dated the date hereof (such Official Statement, including the cover page and all appendices, exhibits, reports and statements

included therein or attached thereto, and any amendments and supplements thereto being herein called the “Official Statement”) not later than seven (7) business days after the execution of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer in sufficient quantity to comply with paragraph (b)(4) of Rule 15c2-12 and the Rules of the MSRB, with only such changes from the Preliminary Official Statement as shall have been approved by Note Counsel and the Underwriters. The Authority also authorizes the use, in connection with the public offering and sale of the Notes, of copies of the final Official Statement, the Indenture and the MOUs. The Underwriters hereby agree to deliver a copy of the Official Statement to a nationally recognized municipal securities information repository, which as of the date hereof, is the MSRB through its Electronic Municipal Market Access system, on or before the Closing Date, and to otherwise comply in all material respects with all applicable statutes and regulations in connection with the offering and sale of the Notes, including, without limitation, MSRB Rule G-32.

5. Representations, Warranties, and Covenants of the Authority. The Authority hereby represents and warrants to and covenants with the Underwriters that:

(i) The Authority is duly organized and existing under the Constitution and laws of the State of California, has full power and authority to issue the Notes, to adopt the Resolution, to enter into the Authority Documents and to perform its obligations under the Authority Documents, and when executed and delivered by the respective parties hereto and thereto, the Authority Documents will constitute the valid and binding obligations of the Authority enforceable in accordance with their respective terms; except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, or other laws related to or affecting the enforcement of creditors’ rights generally and by the application of equitable principles as the court having jurisdiction may impose, regardless of whether such proceeding is considered in a proceeding in equity or at law, and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California;

(ii) When delivered to and paid for by the Underwriters at the Closing in accordance with the provisions of this Agreement, the Notes will have been duly authorized, executed, issued and delivered, and assuming due authentication by the Trustee, will constitute valid and binding limited obligations of the Authority, enforceable in accordance with their terms, in conformity with, and entitled to the benefit and security of, the Indenture;

(iii) By official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has authorized and approved the distribution of the Preliminary Official Statement, has deemed the Preliminary Official Statement “final” for purposes of Rule 15c2-12, the distribution of the Official Statement, and the execution and delivery of, and the performance by the Authority of the obligations on its part contained in, the Notes and the Authority Documents and the consummation by the Authority of all other financing transactions on its part contemplated by the Official Statement and this Agreement;

(iv) There is no action, suit or proceeding, at law or in equity, before or by any court pending (with service of process having been accomplished against the Authority) or any action, suit, proceeding, inquiry or investigation before any court, governmental agency, public board or body known to the Authority to be threatened against the Authority seeking to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or contesting any proceedings of the Authority taken concerning the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the Notes, in any way contesting the validity or enforceability of the Notes or the Authority Documents or contesting in any way the completeness or accuracy of the information in the Preliminary Official Statement or the Official Statement or the existence or powers of the Authority relating to the issuance of the Notes;

(v) As of the date thereof and as of the date hereof, the statements and information contained in the Preliminary Official Statement (including any supplements or amendments) were and are true and correct in all material respects, and did not and do not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements and information therein, in the light of the circumstances under which they were made, not misleading;

(vi) As of the date hereof and at the Closing Date, the statements and information contained in the Official Statement (including any supplements or amendments) are and will be true and correct in all material respects, and do not and will not contain an untrue statement of a material fact or omit to state a material fact necessary to make such statements and information therein, in the light of the circumstances under which they were made, not misleading;

(vii) The financial statements of, and other financial information regarding the State, in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of the State as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the State that was not disclosed in the Preliminary Official Statement and the Official Statement. The State is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the State would have a materially adverse effect on the financial condition of the State.

(viii) The Authority will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in endeavoring (i) to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate and (ii) to determine the eligibility of the Notes for investment under the laws of such states and other jurisdictions, and, subject to Section 7 and Section 10 hereof, will use its best efforts to continue such qualification in effect so long as required for distribution of the Notes; provided, however, that in no event shall the Authority be required to qualify as a foreign corporation in any such state or take any action that would subject it to general, special or unlimited service of process in any jurisdiction in which it is now not so subject;

(ix) To the knowledge of the Authority, the execution and delivery by the Authority of the Authority Documents, and compliance with the provisions on the Authority's part contained therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would have a material adverse effect on the Authority's ability to perform its obligations under the Authority Documents;

(x) The Authority is not in material breach of or in material default under any applicable law or administrative regulation of the State of California or the United States or any applicable material judgment or material decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would have a material adverse effect on the Authority's ability to perform its obligations under the Authority Documents and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a material breach of or a material default or a material event of default under any such instrument, which breach or default would have a material adverse effect on the Authority's ability to perform its obligations under the Authority Documents;

(xi) The Authority agrees to provide the Underwriters, at the expense of the Authority, with a reasonable number of additional copies of the Authority Documents, as the Underwriters shall request. The Authority authorizes the use of the Authority Documents in connection with the offering, sale and distribution of the Notes;

(xii) Any certificate executed by an authorized officer of the Authority and delivered to the Underwriters shall be deemed a representation and warranty by the Authority to the Underwriters as to the statements made therein, and not a representation and warranty of the individual officer executing the same;

(xiii) If between the date of this Agreement and up to and including the 25th day following the "end of the underwriting period" (as such term is defined in Rule 15c2-12) an event occurs, of which the Authority has knowledge, which might or would cause the information contained in the Official Statement, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which they were made, not misleading, or if the Authority is otherwise requested to amend, supplement or otherwise change the Official Statement, the Authority will notify the Underwriters, and if in the reasonable opinion of the Underwriters such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Authority will cooperate in the amendment or supplementing of the Official Statement in a form and in a manner approved by the Underwriters and counsel to the Authority, provided that all reasonable expenses thereby incurred will be paid by the Authority pursuant hereto and provided further that, for purposes of this provision, the end of the underwriting period shall be the Closing Date unless the Underwriters on or prior to the Closing provide written notice to the contrary to the Authority; and

(xiv) The execution and delivery of this Agreement by the Authority shall constitute a representation by the Authority to the Underwriters that the representations, warranties and agreements contained in this Section 5 are true as of the date hereof; provided, that as to all matters of law, the Authority is relying on the advice of counsel to the Authority; and provided further, that no member of the governing body of the Authority or officer, employee or agent of the Authority shall be individually liable for the breach of any representation, warranty or agreement contained herein.

The representations, warranties and agreements herein shall survive the Closing and any investigation made by or on behalf of the State Treasurer or the Underwriters or any person who controls the State Treasurer or the Underwriters of any matters described in or related to the transactions contemplated hereby and by the Authority Documents or the Official Statement.

6. **Closing.** At or before 10:00 a.m. California time, on March [], 2021, or at such other time and date as shall have been mutually agreed upon by the Authority and the Underwriters (the “Closing Date”), the Authority will, subject to the terms and conditions hereof, deliver or cause to be delivered the Notes to The Depository Trust Company (“DTC”) in New York, New York, or to the Trustee as part of the FAST system, for the account of the Underwriters duly executed and authenticated, in definitive fully registered form, bearing CUSIP numbers without coupons, with one Note for each series, registered in the name of Cede & Co., all as provided in the Indenture, together with the other documents hereinafter mentioned, and the Underwriters will, subject to the terms and conditions hereof, accept such delivery and pay the Purchase Price of the Notes as set forth in Section 1 of this Agreement by wire transfer payable in immediately available funds to the order of the Trustee (such delivery and payment being referred to as the “Closing”). Payment for the Notes as aforesaid shall be made at the offices of Note Counsel in Los Angeles, California, or such other place as shall have been mutually agreed upon by the Authority and the Underwriters.

7. **Closing Conditions.** The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Authority and the State Treasurer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Authority and the State Treasurer of their obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters’ obligations under this Agreement to purchase, to accept delivery of and to pay for the Notes shall be conditioned upon the performance by the Authority of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriters:

(i) The representations and warranties of the Authority contained herein shall be true and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(ii) The Authority shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(iii) At the time of the Closing, (i) the Authority Documents and the Notes shall be duly executed, issued and delivered and shall be in full force and effect in the form heretofore approved by the Underwriters and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Underwriters; and (ii) all actions of the Authority required to be taken shall be performed in order for Note Counsel and other counsel to deliver their respective opinions referred to hereafter;

(iv) At or prior to the Closing, the Resolution shall have been duly executed and delivered by the Authority and the Authority shall have duly executed and delivered and the Trustee shall have duly authenticated the Notes;

(v) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the existence or powers of the Authority, from that set forth in the Official Statement that in the judgment of the Underwriters, is material and adverse and that makes it, in the judgment of the Underwriters, impracticable to market the Notes on the terms and in the manner contemplated in the Official Statement;

(vi) The Authority shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(vii) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Underwriters;

(viii) At or prior to the Closing, the Underwriters shall have received copies of each of the following documents:

(a) The Official Statement, and each supplement or amendment thereto, if any;

(b) The Resolution with such supplements or amendments as may have been agreed to by the Underwriters;

(c) Executed and final copies of the Authority Documents, as applicable;

(d) The approving opinion of Note Counsel with respect to the Notes, in substantially the form attached to the Official Statement, and a reliance letter addressed to the Underwriters;

(e) A supplemental opinion of Note Counsel, dated the Closing Date, addressed to the Underwriters, in the form attached hereto as Exhibit B;

(h) An opinion of the Attorney General of the State, counsel to the Authority, dated the Closing Date, addressed to the Authority and the Underwriters, in a form acceptable to the Authority and the Underwriters;

(i) An opinion of Nixon Peabody LLP, disclosure counsel, dated the Closing Date addressed to the Authority and the Underwriters in the form attached hereto as Exhibit C;

(j) An opinion of counsel to the Trustee, dated the Closing Date, addressed to the Authority and the Underwriters, in a form acceptable to the Authority and the Underwriters.

(k) An opinion of counsel to the Underwriters, dated the Closing Date, addressed to the Underwriters, in a form acceptable to the Underwriters.

(l) A certificate, dated the Closing Date, of the Authority to the effect that (A) the Authority has fulfilled or performed each of its obligations contained in the Authority Documents required to be fulfilled or performed by it as of the Closing Date; and (B) to the best of such official's knowledge, the representations and warranties made by the Authority in this Agreement are true and correct in all material respects on the Closing Date, with the same effect as if made on and with respect to the facts as of the Closing Date;

(m) The Tax Certificate, in form satisfactory to Note Counsel and counsel to the Underwriters;

(n) Any other certificates and opinions required by the Indenture for the issuance thereunder of the Notes;

(o) [Documentation relating to each Participant as necessary in the opinion of Note Counsel, Disclosure Counsel and counsel to the Underwriters;]

(p) Evidence satisfactory to the Underwriters that the Notes have been rated "[]" by S&P Global Ratings and "[]" by Fitch Ratings, Inc., and that such ratings are in effect as of the date of Closing;

(q) Such other certificates, opinions or documents as the Underwriters may reasonably request.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriters, as evidenced by the Closing.

If the Authority shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Notes contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Notes shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Authority (except as set forth in Section 11) shall be under any further obligation hereunder.

8. **Conditions to the Obligations of the Authority.** The obligations of the Authority to issue and deliver the Notes on the Closing Date shall be subject, at the option of the Authority, to the performance by the Underwriters of their obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

- (i) The Authority Documents shall have been executed by the other parties thereto;
- (ii) No order, decree, injunction, ruling or regulation of any court, regulatory agency, public board or body shall have been issued, nor shall any legislation have been enacted, with the purpose or effect, directly or indirectly, of prohibiting the offering, sale or issuance of the Notes as contemplated hereby or by the Official Statement; and
- (iii) The forms of documents contemplated by Section 7(viii), which are set forth herein, shall have been delivered substantially in the forms set forth herein, and the other documents contemplated by Section 7(viii) shall have been delivered to the Authority in form and substance satisfactory to Note Counsel and the Authority.

9. **Indemnification.**

(i) The Underwriters will indemnify and hold harmless the Authority and the State Treasurer and the members, officers, agents and employees of the State Treasurer and the Authority against any losses, claims, damages or liabilities to which any of them may become subject, under federal securities laws, or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the “UNDERWRITING” section of the Preliminary Official Statement or Official Statement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or omission or alleged omission was made in the “UNDERWRITING” section of the Preliminary Official Statement or Official Statement or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Authority by the Underwriters expressly for use therein or reviewed without comment by the Underwriters; and will reimburse such indemnified parties for any legal or other expenses reasonably incurred thereby in connection with investigating or defending any such action or claim.

(ii) Promptly after receipt by an indemnified party pursuant to subsection (i) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify of the commencement thereof, and shall be entitled to participate therein and to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party or shall otherwise have an actual or potential conflict in such representation), and, after notice to such indemnified party of its election so to assume the defense thereof, shall not be liable to such indemnified party under

such subsection for any legal expenses or other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than costs of investigation; provided, however, that each indemnified party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense thereof, and the Underwriters shall pay the fees and expenses of such separate counsel; provided further, however, that such indemnified party may only employ separate counsel at the expense of the Underwriters if (1) the Attorney General assumes the defense of the indemnified party, (2) in the judgment of such indemnified party a conflict of interest exists by reason of common representation, (3) if all parties commonly represented do not agree as to the action (or inaction) of counsel, or (4) if substantially different or additional defenses apply to such indemnified party.

10. **Termination.** The Underwriters, after notifying the State Treasurer and the Authority, shall have the right to cancel their obligation to purchase the Notes if, between the date of this Agreement and the Closing, the market price or marketability of the Notes shall be materially adversely affected, in the sole, reasonable judgment of the Underwriters, following consultation with the State Treasurer and the Authority, by the occurrence of any of the following:

(i) legislation shall be enacted by the Congress of the United States or the State of California legislature, a decision by a court of the United States or of the State of California or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Tax-Exempt Notes or, with respect to state taxation, of the interest on the Notes as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or state income tax consequences of any of the transactions contemplated herein;

(ii) legislation enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Notes, including any or all underlying arrangements, are not exempt from registration under or other requirements of the Securities Act, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended, or that the issuance, offering, or sale of obligations of the general character of the Notes, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(iii) any state Blue Sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Notes as described herein, or issued a stop order or similar ruling relating thereto;

(iv) a general suspension of trading in securities on the New York Stock Exchange or the NYSE American, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(v) the New York Stock Exchange or other national securities exchange or any governmental authority, shall impose, as to the Notes or as to obligations of the general character of the Notes, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, Underwriters;

(vi) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Authority, its property, or its income securities (or interest thereon);

(vii) any event occurring, or information becoming known which, in the judgment of the Underwriters, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other new material outbreak or material escalation of hostilities;

(ix) there shall have occurred any national or international calamity or crisis, or escalation thereof, in the financial markets or otherwise of the United States or elsewhere;

(x) any fact or event shall exist or have existed that, in the Underwriters' judgment, requires or has required an amendment of or supplement to the Official Statement, except as agreed to in writing by the Underwriters;

(xi) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any rating of the Notes;

(xii) there shall have occurred any materially adverse change in the affairs or financial condition of the Authority or the State;

(xiii) the purchase of and payment for the Notes by the Underwriters, or the resale of the Notes by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; and

(xiv) the State Treasurer or the Authority may terminate this Agreement if the Underwriter shall fail, by the Closing, to perform its obligations contained herein, upon written notice of such termination to the Underwriters.

Any notice of termination pursuant to this Section 10 shall be given in the manner provided in Section 12 hereof. If this Agreement shall be terminated as provided in this Section 10, such termination shall be without liability of the State Treasurer, the Authority or the Underwriters.

11. **Expenses.** The Underwriters shall be under no obligation to pay, and the Authority shall pay, any expenses incident to the performance of the obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Notes, (ii) the fees and disbursements of Note Counsel, the State Treasurer, disclosure counsel and counsel to the Authority; (iii) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Authority; (iv) the fees for note ratings and credit enhancement fees or premiums, if any; and (v) all other expenses incurred by them in connection with the public offering of the Notes, including the fees and disbursements of counsel retained by the Underwriters. The Authority acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Notes.

12. **Notices.** Any notice or other communication to be given to the Authority and/or the State Treasurer under this Agreement may be given by delivering the same in writing to the Authority and/or the State Treasurer at the applicable address set forth on the first page hereof. Any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to RBC Capital Markets, LLC, 777 South Figueroa Street, Suite 850, Attention: [] and Citigroup Global Markets Inc., 300 S. Grand Avenue, Suite 3110, Los Angeles, CA 90071, Attention: [].

13. **Parties in Interest.** This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Authority, the State Treasurer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Authority or the State Treasurer. All of the representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriters, the State Treasurer or the Authority; (ii) delivery of and payment for the Notes pursuant to this Agreement; and (iii) any termination of this Agreement.

14. **Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the State Treasurer and the Authority and shall be valid and enforceable at the time of such acceptance.

15. **Choice of Law; Forum and Venue.** This Agreement shall be governed by and interpreted under the laws of the State of California. Any action arising out of this Agreement shall be filed and maintained in Sacramento County Superior Court, Sacramento, California, unless the Authority shall waive this requirement. To the extent permitted by law, the parties hereto hereby irrevocably waive any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens, which they may now or hereafter have, to the bringing of any such action or proceeding in such respective jurisdictions.

16. **Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

17. **Business Day.** For purposes of this Agreement, “business day” means any day on which the New York Stock Exchange is open for trading.

18. **Section Headings.** Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

19. **Counterparts.** This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriters. This Agreement shall become a binding agreement among the Authority, the State Treasurer and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

[Underwriters Signature Page to Note Purchase Agreement]

Respectfully submitted,

RBC CAPITAL MARKETS, LLC

By: _____
Name:
Title:

CITIGROUP GLOBAL MARKETS INC.

By: _____
Name:
Title:

[State Treasurer and Authority Signature Page to Note Purchase Agreement]

ACCEPTANCE

ACCEPTED at _____ [a.m./p.m.] California time this ____ day of March, 2021

TREASURER OF THE STATE OF CALIFORNIA

By: _____

Deputy Treasurer
For California State Treasurer Fiona Ma

CALIFORNIA SCHOOL FINANCE AUTHORITY

By: _____

Executive Director

SCHEDULE I

TERMS OF THE NOTES

**CALIFORNIA SCHOOL FINANCE AUTHORITY
STATE AID INTERCEPT NOTES
(FISCAL YEAR 2020-21 SCHOOL AND COMMUNITY COLLEGE DISTRICT DEFERRALS)**

comprised of

\$ _____
2021 Series A-1 (Tax-Exempt)
Interest Rate: _____% Yield: _____% Price: _____
Maturity Date: _____, 2021

\$ _____
2021 Series A-2 (Federally Taxable)
Interest Rate: _____% Yield: _____% Price: _____
Maturity Date: _____, 2021

10% Test [Satisfied]/[Not Satisfied]

and

\$ _____
2021 Series B (Federally Taxable)
Interest Rate: _____% Yield: _____% Price: _____
Maturity Date: _____, 2021

Redemption

The Notes are not subject to prepayment prior to their respective Maturity Dates.

EXHIBIT A

FORM OF ISSUE PRICE CERTIFICATE

RBC Capital Markets, LLC and Citigroup Global Markets Inc. (together, the “Underwriters”) in connection with the sale and issuance by California School Finance Authority (the “Issuer”) of its \$[_____] State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-1 (Tax-Exempt) (the “Notes”), being issued on the date hereof, hereby certify and represent the following:

1. As of the date of this certificate the first price at which at least ten percent of the Notes was sold to the Public is the respective price listed in Schedule A hereto.

(a) The Underwriters offered the Hold the Offering Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “*Initial Offering Prices*”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Notes is attached to this certificate as Schedule B.

(b) The Underwriters offered the Hold the Offering Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “*Initial Offering Prices*”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Notes is attached to this certificate as Schedule B.

Defined Terms.

- (a) *General Rule Notes* means the Notes listed in Schedule A hereto as the “General Rule Notes.”
- (b) *Hold-the-Offering-Price Notes* means those the Notes listed in Schedule A hereto as the “Hold-the-Offering-Price Notes.”
- (c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.
- (d) *Related Party* means any entity if an Underwriter and such entity are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

- (e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of the Notes. The Sale Date of the Notes is March [], 2021.
- (f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

2. We have calculated the arbitrage yield (see Schedule A) with respect to the Notes to be ___%, in accordance with the instructions provided by the Note Counsel in Section ___ of the Tax Certificate.

The Underwriters understand that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate to which this certificate is included as Exhibit ___ and with respect to compliance with the federal income tax rules affecting the Notes, and by Note Counsel, in connection with its opinion as to the exclusion of interest on the Notes from federal gross income, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes. The Underwriters are certifying only as to facts in existence on the date hereof. Nothing herein represents the Underwriters' interpretation of any laws; in particular the Treasury Regulations under the Internal Revenue Code of 1986, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

Dated: March [], 2021

RBC CAPITAL MARKETS, LLC

By: _____
Authorized Representative

CITIGROUP GLOBAL MARKETS INC.

By: _____
Authorized Representative

EXHIBIT B

FORM OF NOTE COUNSEL SUPPLEMENTAL OPINION

[To be provided]

EXHIBIT C

FORM OF DISCLOSURE COUNSEL OPINION

[To be provided]

**MEMORANDUM OF UNDERSTANDING RELATING TO
CALIFORNIA SCHOOL FINANCE AUTHORITY STATE AID INTERCEPT NOTES
(FISCAL YEAR 2020-21 SCHOOL AND COMMUNITY COLLEGE DISTRICT
DEFERRALS) BY AND AMONG THE CALIFORNIA STATE CONTROLLER'S
OFFICE, THE CALIFORNIA COMMUNITY COLLEGES CHANCELLOR'S
OFFICE AND THE CALIFORNIA SCHOOL FINANCE AUTHORITY**

WHEREAS, this Memorandum of Understanding, dated as of _____, 2021 (the "MOU"), is by and among the California School Finance Authority (the "Authority"), the Office of the California State Controller (the "Controller"), and the California Community Colleges Chancellor's Office (the "Chancellor's Office"), in connection with the issuance of certain obligations to be issued by the Authority; and

WHEREAS, the Authority is a public instrumentality of the State of California, created by the California School Finance Authority Act (constituting Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State of California) (the "Act") and is authorized to issue bonds, notes, and certificates, and loan the proceeds thereof to a participating party (as defined in the Act) for purposes of financing, among other things, working capital (as defined in the Act); and

WHEREAS, the Authority expects to issue notes (the "Notes") on behalf of certain school districts, community college districts and county offices of education (individually, a "Participant" and together the "Participants") which Notes will be designated as Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals) (the "2020-21 TRANs Program"); and

WHEREAS, each of the Participants qualifies as a participating party under the Act; and

WHEREAS, certain of the Participants are community college districts (each, a "CCD Participant"), that will issue a tax and revenue anticipation note (each, a "District Note") under the 2020-21 TRANs Program; and

WHEREAS, Section 17199.4(a) of the Act specifies that any participating party in connection with securing financing of working capital pursuant to the Act may elect (each, an "Election") to fund payments on the Notes and various other payments and amounts in connection with the Notes (collectively, the "Payments"); and

WHEREAS, Section 17199.4(c) of the Act provides that, to participate under such Section, the participating party shall, among other things, provide written notice of such Election to the Controller (each, a "Notice of Election"), which Notice of Election shall include, among other things, the participating party's name, contact information and payment delivery instructions for the payee of the Payments and a schedule of the Payments subject to the Election (collectively, the "Payment Amounts"); and

WHEREAS, the Chancellor's Office has responsibility under law to determine the principal apportionments due to each community college district organized under the laws of the State of California (the "State") during each fiscal year; and

WHEREAS, the Payment Amounts due under the various series and tranches of Notes to be issued under the 2020-21 TRANs Program will derive from the apportionments of each Participant for fiscal year 2020-21 (the “2020-21 Fiscal Year”), as pledged by such Participant; and

WHEREAS, to establish the structure of the 2020-21 TRANs Program and to ensure the creditworthiness of the Notes attributable to the District Notes issued by the CCD Participants (the “CCD Participant Notes”), it is necessary and advisable to coordinate the actions and obligations of the parties hereto;

NOW, THEREFORE, BE IT RESOLVED AND AGREED by the parties as follows:

Section 1. Initial Authority Notification to the Controller. In anticipation of the issuance of the Notes, the Authority hereby advises the Controller that it will require each CCD Participant that receives proceeds of the Notes to file both a Notice of Election (hereafter, an “Intercept Notice”) and an EFT Form with the Controller in accordance with Section 17199.4 of the Act. Such Intercept Notice shall be substantially in the form attached hereto as Exhibit A and such EFT Form shall be substantially in the form attached hereto as Exhibit B. All Intercept Notices and EFT Forms filed under this MOU in connection with the 2020-21 TRANs Program shall reflect that intercepted Payment Amounts shall be deposited with U.S. Bank National Association, as Trustee (the “Trustee”) under the applicable Indenture, each dated as of March 1, 2021, or April 1, 2021, by and between the Authority and the Trustee, for deposit into the respective Payment Accounts (each, a “Payment Account”) established under the Indenture for that series or tranche of Notes in the name of each CCD Participant.

Section 2. Funds Available for Apportionment. The amounts available from moneys designated for apportionment by the Chancellor’s Office to each CCD Participant that will be intercepted by the Controller and deposited with the Trustee will be in an amount sufficient to pay debt service on such CCD Participant Notes (for each CCD Participant, the “Funds Subject to Intercept”), will be the portion of the moneys designated by each CCD Participant as its Pledged Revenues and will represent that CCD Participant’s “State Aid Subject to Apportionment,” as defined below. For Fiscal Year 2020-21, for each CCD Participant, the total Funds Subject to Intercept may not exceed the amounts deferred by the State (the “Deferral Amounts”) from apportionments originally due to that CCD Participant during the months of February through and including June, 2021 (the “Deferral Months”) to certain dates in July through and including November, 2021. The aggregate Payment Amounts due with respect to the CCD Participant Notes may not exceed the aggregate Deferral Amounts for all CCD Participants. The Payment Amounts and Repayment Periods (defined below) during which the Payment Amounts are due to be paid by or on behalf of each CCD Participant are displayed on a Schedule attached to the Intercept Notice submitted on behalf of that CCD Participant (each, a “Schedule”). “State Aid Subject to Apportionment” represents the amount of funding a CCD Participant receives from the State School Fund from the principal apportionment determined pursuant to Education Code Section 84750. This includes funding from several State programs, the largest being the Student Centered Funding Formula.

Section 3. Information from the Chancellor’s Office. The Authority recognizes that the information made available by the Chancellor’s Office is vital to the integrity of the 2020-21

TRANS Program, in that the Chancellor's Office provides the details regarding apportionments to each community college district (collectively, the "CCDs") during every fiscal year, calculated as described in Section 2 above. The Chancellor's Office, in accordance with its legislative mandate, expects to calculate and post the Deferral Amounts for the first period of Fiscal Year 2020-21 (the "P-1 Period") for each CCD by February __, 2021, for the months of February through and including May 2021, that will be paid by the State in the months of August through November 2021 (the "P-1 Pronouncement"), and the final Deferral Amounts for each CCD (the "P-2 Period") by June __, 2021, normally payable in the month of June 2021, that will be paid by the State in the month of July 2021 (the "P-2 Pronouncement"). Notwithstanding the foregoing, the parties hereto understand and acknowledge that the State may take action following the date of issuance of the Notes (a "Change in State Law") to advance or further defer the dates upon which the Deferral Amounts are to be paid, and may alter the amounts to be paid by the State from those included in the above-described P-1 and P-2 Pronouncements from the Chancellor's Office. In such case, the Chancellor's Office would expect to post revised Deferral Amounts attributable to each CCD promptly after a Change in State Law is made, so that the Authority may provide revised information to the Controller in the form of one or more revised Schedules related to the Intercept Notices already received by the Controller (each, a "Revised Schedule"). The Controller will recognize the Note issuance date as the date of each Revised Schedule for purposes of prioritizing all intercepts, withholds and offsets made or to be made to the applicable CCD Participant's apportionments.

Section 4. Intercept Procedure.

(a) The Notes are secured by the obligations of each Participant to pay principal and interest due under its individual tax and revenue anticipation note or notes. The Controller agrees that during each period identified in each Schedule as a period during which a Payment is owed by a CCD Participant (each, a "Repayment Period"), the first dollars disbursed by the Controller for such CCD Participant shall be the amount specified in the Schedule for that Repayment Period and shall be paid directly to the Trustee as described in Section 1. If in any Repayment Period, the amount specified on the Schedule is greater than the Funds Subject to Intercept available for that CCD Participant during that Repayment Period, the Controller shall remit to the Trustee the entire Funds Subject to Intercept available during that Repayment Period and shall add, or cause to be added, any deficiency for that Repayment Period to the amount of Funds Subject to Intercept for the following Repayment Period, in accordance with Section 17199.4(e)(3) of the Act.

(b) If the effect of the Change in State Law is to reduce any Deferral Amounts due to be paid to the CCD Participants, so that a greater percentage of the apportionments payable in due course to the CCD Participants during any of the Deferral Months is in fact paid during the Deferral Months (each, a "Restored Apportionment"), the CCD Participants have authorized the Authority, on their behalf, to provide the Controller with revised Schedules that (a) reduce the Funds Subject to Intercept during the months of July through and including November 2021 by an amount equal to the Restored Apportionments and (b) subject all of the Restored Apportionments to the Intercept Notices and Schedules in the Repayment Periods and in the amounts established pursuant to the Change in State Law.

(c) If the effect of the Change in State Law is to delay one or more dates upon which the Deferral Amounts were, as of the date of issuance of the CCD Participant Notes, expected to be paid to the CCD Participants, the CCD Participants have authorized the Authority, on their behalf, to provide the Controller with revised Schedules that reduce or increase, as appropriate, the Deferral Amounts as and when scheduled to be received under the terms of the Change in State Law during revised Repayment Periods.

(d) With respect to the foregoing, the parties recognize that the State has pledged and agreed, pursuant to Section 17191 of the Act, not to impair the rights or remedies of the holders of the Notes or any parties until the Notes, together with interest, are fully paid and discharged and any contracts are fully performed on the part of the Authority.

Section 5. Intercept Schedules. The Authority shall provide, or cause to be provided, a Schedule for each CCD Participant to the Controller immediately upon the issuance of the related Notes. The Payment Amounts and Repayment Periods shown on the Schedules are not expected to change, absent a Change in State Law. In the event the Schedules change prior to the maturity of the Notes, the Authority shall provide, or cause to be provided, revised Schedules to the Controller, and the Controller agrees to conform its monthly intercepts to the revised Schedules, effective within 30 days of receipt, or, in the event a Change in State Law becomes effective on an earlier date, by such earlier date, in each case, net of Senior Loans (as defined below). The Authority shall provide, or cause to be provided, to the Controller a monthly confirmation of the total Funds Subject to Intercept relating to the 2020-21 TRANs Program, as set forth in the Schedules. The Schedules, any revised Schedules and monthly confirmations may be provided to the Controller in composite form, including all or any subgroups of CCD Participants.

Section 6. Priority of Funds Subject to Intercept. The parties hereto covenant and agree that upon receipt of the Intercept Notices from or on behalf of each CCD Participant, the Controller will be obligated, under Section 17199.4 of the Act, to transfer the Funds Subject to Intercept to the Trustee for deposit into the appropriate Payment Accounts according to the Schedules. The Funds Subject to Intercept represent all or a portion of the Deferral Amounts of each CCD Participant, as set forth on the Schedule associated with such CCD Participant's Intercept Notice and, following a Change in State Law of the type described in Section 4(b) hereof, all or a portion of the Restored Apportionment of each CCD Participant, in each case, net of Senior Loans. Pursuant to Section 17199.4(g)(2) of the Act, none of the participating parties (here, the CCD Participants) or any of their creditors has any claim to funds apportioned or anticipated to be apportioned by the Controller under Section 17199.4(g)(2) of the Act. Accordingly, from the date of issuance of the Notes and the simultaneous submission to the Controller of the Intercept Notices, until the final Maturity Date of the Notes, being _____, 2021, no offsets, withholds or other deductions shall be made by the Controller against the Funds Subject to Intercept under any provision of law or regulation or other administrative action of the State, the Chancellor's Office, the State Allocation Board, CalSTRS, any county or any county office of education, including, without limitation, Government Code Section 12419.5, Education Code Section 23007 and 5 California Code of Regulations Section 3088.1 or 11234.

Section 7. Prepayment of Senior Loans. The Authority represents, on behalf of the CCD Participants, that each CCD Participant with an emergency apportionment pursuant to Education Code Sections 41329.51, 41329.52 or 41329.53 outstanding as of the date hereof (each, a "Senior

Loan”) has or will have prepaid all its debt service payments coming due during the period from the date hereof through and including the Maturity Date of the Notes, by means of an irrevocable deposit made under the terms of such Senior Loan on or prior to the date of issuance of the Notes. Each CCD Participant has covenanted and agreed not to incur any additional indebtedness constituting a Senior Loan between the date of issuance of the Notes and the Maturity Date of the Notes. As of the date of this MOU, no CCD Participant has an outstanding Senior Loan.

Section 8. Remittances to Trustee. For each CCD Participant, the Controller shall remit to the Trustee apportionment funds in an amount constituting the lesser of (a) the amount shown in the Schedule and (b) the Funds Subject to Intercept at the same time as other apportionment payments are paid in each Repayment Period. All payments made by the Controller under the terms of this MOU may be aggregated into a single payment made to the Trustee during each Repayment Period.

Section 9. Notices. All written notices to be given hereunder shall be given by mail, overnight delivery service or electronic mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the Controller: State Controller’s Office
Local Government Programs and Services Division
Bureau of Payments – Local Apportionments Section
3301 C Street, Suite 740
Sacramento, California 95816
Attention: Melma Dizon, Manager
Email: MDizon@sco.ca.gov

If to the Authority: California School Finance Authority
300 South Spring Street, Suite 8500
Los Angeles, California 90013
Attention: Executive Director
Email: Katrina.johantgen@treasurer.ca.gov

With a copy to: California State Treasurer’s Office
915 Capitol Mall, Room 261
Sacramento, California 95814
Attention: Director, Public Finance Division
Email: bfowler@treasurer.ca.gov

If to the Chancellor’s Office: California Community Colleges Chancellor’s Office
1102 Q Street, 6th Floor
Sacramento, California 95811
Attention: Vice Chancellor for Finance and Facilities Planning
Email: lnavarette@cccco.edu

Section 10.. Excess Amounts Remitted to Participants. The Indenture includes a requirement that any amounts on deposit with the Trustee and collected from a Participant in excess of the amount required to pay debt service on that Participant’s District Note or Notes shall be remitted by the Trustee to that Participant at or promptly following the Maturity Date of the applicable Notes.

Section 11. Term of MOU. This MOU shall remain in effect until the Authority provides notice to the Controller and the Chancellor’s Office that all of the Notes related to which the CCD Participants have issued their CCD Participant Notes have been paid in full.

Section 12. Amendment. This MOU may only be amended in a writing executed by all of the parties hereto. The Authority covenants that it will not agree to any amendment of this MOU that materially adversely affects the interests of the holders of any Notes.

Section 13. Due Authorization. Each party hereto hereby represents to the other parties that the execution, delivery and performance of this MOU have been duly authorized by all necessary action of such party, and this MOU constitutes the valid, binding and enforceable obligation of such party.

Section 14. Third-Party Beneficiary. The Trustee shall be a third-party beneficiary to this MOU and is entitled to the rights and benefits hereunder and may enforce the provisions hereof as if it were a party hereto.

Section 15. Counterparts. This MOU may be executed by the parties in counterparts, which shall constitute but one and the same document.

IN WITNESS WHEREOF, the parties have duly executed this Memorandum of Understanding by their respective authorized officers, as of the date first written above.

**CALIFORNIA SCHOOL FINANCE
AUTHORITY**

By: _____

**CALIFORNIA STATE CONTROLLER’S
OFFICE**

By: _____

**CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR’S OFFICE**

By: _____

EXHIBIT A

Notice to the State Controller Pursuant to Education Code Section 17199.4

_____, 2021

Re: California School Finance Authority State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-1 (Tax-Exempt), Series A-2 (Federally Taxable) and Series B (Federally Taxable) (the “Notes”) _____

WHEREAS, [_____], a California community college district (the “Participant”), has issued its Tax and Revenue Anticipation Note[s], 2021 Series [A-1 (Tax-Exempt)] [and Series A-2 (Federally Taxable)][Series B (Federally Taxable)] (the “District Note[s]”), pursuant to a resolution (the “Resolution”), adopted by its governing board on _____, 20__;

WHEREAS, the Participant has elected to have amounts due to be paid under its District Note[s] pledged to the repayment of the Notes, pursuant to the terms of that certain Indenture, dated as of March 1, 2021 (the “Indenture”), by and between the California School Finance Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”); and

WHEREAS, the Authority has issued the Notes to fund its purchase of the District Note[s] and the 2020-21 tax and revenue anticipation notes of certain other California school and community college districts and county offices of education;

NOW THEREFORE, NOTICE IS HEREBY GIVEN PURSUANT TO SECTION 17199.4(c)(2) OF THE EDUCATION CODE OF THE STATE OF CALIFORNIA TO THE STATE CONTROLLER OF THE STATE OF CALIFORNIA (THE “CONTROLLER”), that:

1. The governing board of the Participant has elected, pursuant to a resolution adopted on _____, 20__ and Section 17199.4(c)(1) of the Education Code of the State of California (the “Education Code”), to participate under Section 17199.4 of the Education Code, as described therein, and to direct the Controller to make transfers during the “Repayment Periods” and in the amounts (or such lesser amounts as are available to transfer) in the “Total Intercept” column set forth on Schedule I attached hereto, directly to the Trustee indicated in Section 4 hereto. If the amount available to the Controller to be transferred on any transfer date is less than the amount in the “Total Intercept” column set forth on Schedule I attached hereto, then the amount of such deficiency (each, a “Shortfall”) shall be carried forward to the following Repayment Period, during which subsequent Repayment Period, the amount set forth in the Total Intercept column shall be increased by the amount of the Shortfall and transferred to the Trustee. If, in such subsequent Repayment Period, these actions result in an additional Shortfall for the next succeeding Repayment Period, such Shortfall shall be added to subsequent transfers until no Shortfall remains.

2. The Participant hereby authorizes the Authority to provide a revised Schedule I to the Controller in the event of any Change in State Law, as defined in the Memorandum of Understanding (the “MOU”), by and among the Authority, the Controller and the California

Community Colleges Chancellor's Office, dated as of March 1, 2021, that causes a change in the timing of receipt or amount of the Participant's Deferral Amounts (as defined in the MOU) during any Repayment Period.

3. The Participant hereby represents and certifies that all of the payments described on Schedule I hereto, summarized as the Total Intercept, are being made in support of Participant's working capital loan from the Authority, evidenced by its District Note, in accordance with Section 17199.4(a) of the Education Code, that the amount stated as the Total Intercept is not in excess of the actual payment obligations due under the District Note[s], and that it is not submitting this notice for the purpose of accelerating the Participant's receipt of apportionments under Section 14041 of the Education Code or Section 36 of Title XIII of the California Constitution, as required under Section 17199.4(d) of the Education Code. These representations and certifications extend to the terms of any revised Schedule I provided to the Controller under Section 2 hereof.

4. Transfers pursuant to Section 1 above shall be paid by wire transfer of immediately available funds to:

U.S. Bank, N.A.
ABA #: 091000022
FBO: U.S. Bank Trust National Association
Account #: 180121167365
Reference: CSFA 2020-2021 TRANS

(Remainder of page intentionally left blank)

[_____] **DISTRICT,**
a California community college district

By: _____
Name:
Its:

Schedule I

Intercept Payment Amounts and Repayment Periods

EXHIBIT B

EFT Form

[Attached]

[To Come]

Exhibit H

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered as of March __, 2021, by the Treasurer of the State of California (the “State Treasurer”) and the California School Finance Authority, a public instrumentality of the State of California (the “Authority”) in connection with the issuance of \$_____ aggregate principal amount of State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-1 (Tax-Exempt), \$_____ aggregate principal amount of State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-2 (Federally Taxable) and \$_____ aggregate principal amount of State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series B (Federally Taxable) (collectively, the “Notes”) issued by the California School Finance Authority (the “Authority”), a public instrumentality of the State of California (the “State”), and described in the Official Statement (defined below). The Notes of different series and tranches are being issued pursuant to separate Indentures, each dated as of March 1, 2021 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as Trustee (the “Trustee”). In connection with the offering and sale of the Notes, the State Treasurer, on behalf of the State, covenants and agrees as follows:

Section 1. Nature of the Disclosure Certificate. This Disclosure Certificate is executed and delivered for the benefit of the Holders and Beneficial Owners (as defined below) of the Notes from time to time, and in order to assist the Participating Underwriters (as defined below) in complying with the Rule (as defined below), but shall not be deemed to create any monetary liability on the part of the State or the State Treasurer to any other persons, including Holders or Beneficial Owners of the Notes based on the Rule. The sole remedy in the event of any failure of the State Treasurer to comply with this Disclosure Certificate shall be an action to compel performance of any act required hereunder.

Section 2. Definitions. In addition to the definitions set forth in the applicable Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Beneficial Owner” shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Notes (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean the State Treasurer, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the State Treasurer and which has filed with the State Treasurer a written acceptance of such designation.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Holder” shall mean any person listed on the registration books of the State Treasurer as the registered owner of any Notes.

“Listed Event” shall mean any of the events listed in Section 3(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports or notices pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the official statement relating to the Notes, dated March __, 2021.

“Participating Underwriter” shall mean any of the underwriters of the Notes required to comply with the Rule in connection with the offering of the Notes.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

Section 3. Reporting of Significant Events.

(a) The Authority shall give, or cause to be given, to the Dissemination Agent notice of the occurrence of any of the following events with respect to the Notes in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) affecting the Tax-Exempt Notes;
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the

existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Authority shall give, or cause to be given, to the Dissemination Agent notice of the occurrence of any of the following events with respect to the Notes, if material, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph (a)(5) above, other notices or determinations by the Internal Revenue Service with respect to the tax status of the Tax-Exempt Notes or other events affecting the tax status of the Notes;
2. Modifications to rights of Noteholders;
3. Optional, unscheduled or contingent Note calls;
4. Release, substitution, or sale of property securing repayment of the Notes;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional Trustee or the change of name of a Trustee.

(c) The State Treasurer shall give, or cause to be given, to the Dissemination Agent notice in a timely manner not later than ten business days after: (i) the occurrence of a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the State, any of which reflect financial difficulties; and (ii) the incurrence, if material, of a Financial Obligation of the State, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the State, any of which affect Holders.

(d) The State Treasurer and the Authority note that Sections 3(a)(2), (3) and (4) and 3(b)(3) and (4) are not applicable to the Notes; in addition, Section 3(a)(5) and (b)(1) are not applicable to the Taxable Notes.

(e) Any notice required to be given pursuant to subsection (a) or (b) above shall be filed with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 4. Termination of Reporting Obligation. The State's obligations under Section 3 of this Disclosure Certificate shall terminate with respect to any Notes upon the maturity or legal defeasance of such Notes.

Section 5. Dissemination Agent. The State Treasurer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out the obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the State Treasurer pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the State Treasurer shall be the Dissemination Agent. The initial Dissemination Agent shall be the State Treasurer.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the State Treasurer and the Authority may amend any provision of this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a)(5), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of 60 percent of the Notes outstanding or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Notes. The State also may amend this Disclosure Certificate without approval by the Holders to the extent permitted by rule, order or other official pronouncement of the SEC.

Section 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the State Treasurer or the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the State Treasurer or the Authority chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the State Treasurer or the Authority, as appropriate, shall not have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 8. Default. In the event of a failure of the State, the State Treasurer or the Authority to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the State, the State Treasurer or the Authority to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the State, the State Treasurer or the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

Section 9. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity (except the right of the Dissemination Agent or any Holder or Beneficial Owner to enforce the provisions of this Disclosure Certificate on behalf of the Holders). This Disclosure Certificate is not intended to create any monetary rights on behalf of any person based upon the Rule.

Section 10. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the State Treasurer or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof, and the Holders of the Notes shall retain all the benefits afforded to them hereunder. The State Treasurer and the Authority hereby declare that they would have executed and delivered this Disclosure Certificate and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 11. Governing Law. The laws of the State shall govern this Disclosure Certificate, the interpretation thereof and any right or liability arising hereunder. Any action or proceeding to enforce or interpret any provision of this Disclosure Certificate shall be brought, commenced or prosecuted in any courts of the State located in Sacramento County, California.

IN WITNESS WHEREOF, the State Treasurer and the Authority have executed this Disclosure Certificate as of the date first above written.

STATE TREASURER OF THE STATE OF
CALIFORNIA

By: _____
Deputy Treasurer
For California State Treasurer Fiona Ma

CALIFORNIA SCHOOL FINANCE AUTHORITY

By: _____
Executive Director

PRELIMINARY OFFICIAL STATEMENT DATED MARCH __, 2021

NEW ISSUES — FULL BOOK-ENTRY-ONLY

RATINGS: S&P: “___”
Fitch: “___”
(See “RATINGS” herein.)

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Note Counsel, under existing statutes, regulations, rulings and judicial decisions and assuming continuing compliance with certain covenants in the documents pertaining to the Tax-Exempt Notes and the District Notes originated with proceeds of the Tax-Exempt Notes and requirements of the Internal Revenue Code of 1986, as described herein, interest on the Tax-Exempt Notes is not included in gross income for federal income tax purposes. In the further opinion of Note Counsel, interest on the Tax-Exempt Notes is not treated as an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Taxable Notes is included in gross income for federal income tax purposes. Note Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of California. See “TAX MATTERS” herein.

CALIFORNIA SCHOOL FINANCE AUTHORITY
STATE AID INTERCEPT NOTES
(FISCAL YEAR 2020-21 SCHOOL AND COMMUNITY COLLEGE DISTRICT DEFERRALS)
comprised of

\$ _____*
2021 Series A-1 (Tax-Exempt)
Interest Rate: _____% Yield: _____% CUSIP: _____†
Maturity Date: December 30, 2021

\$ _____*
2021 Series A-2 (Federally Taxable)
Interest Rate: _____% Yield: _____% CUSIP: _____†
Maturity Date: December 30, 2021

and

\$ _____*
2021 Series B (Federally Taxable)
Interest Rate: _____% Yield: _____% CUSIP: _____†
Maturity Date: _____, 2021

Date of Issue: Date of Delivery

The California School Finance Authority (the “Authority”) is issuing \$ _____* aggregate principal amount of its State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-1 (Tax-Exempt) (the “Tax-Exempt Notes”), \$ _____* aggregate principal amount of its State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-2 (Federally Taxable) (the “Series A-2 Notes”) and \$ _____* aggregate principal amount of its State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series B (Federally Taxable) (the “Series B Notes,” and collectively with the Tax-Exempt Notes and the Series A-2 Notes, the “Notes”) pursuant to the terms of an Indenture, dated as of March 1, 2021 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as Trustee (the “Trustee”). The Series A-2 Notes and the Series B Notes are sometimes referred to herein as the “Taxable Notes.” The Notes are payable from certain State aid, comprised of Deferral Amounts (as defined herein) attributable to fiscal year 2020-21, intercepted from State apportionments made to certain participating school and community college districts and county offices of education (collectively, the “Participants”) by the Controller (the “Controller”) of the State of California (the “State”) under Section 17199.4 of the Education Code of the State. Designated portions of each Participant’s Deferral Amounts received in designated Repayment Periods prior to the respective Maturity Dates shown above and constituting Pledged Revenues (as defined herein), will be deposited with the Trustee during those Repayment Periods, so that sufficient moneys will be available on each Maturity Date to pay the principal of and interest on the related Notes. See the caption, “SECURITY AND SOURCE OF PAYMENT FOR THE NOTES” within.

The Notes will be delivered as fully registered obligations and when delivered will be registered in the name of The Depository Trust Company, New York, New York (“DTC”), or its nominee. DTC will act as securities depository for the Notes. Individual purchases of beneficial interests in the Notes will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. **Purchasers of such beneficial interests will not receive physical delivery of the Notes.** Principal of and interest due on the Notes will be payable on the Maturity Date by the Trustee to DTC. Interest is payable on the basis of a 360-day year of twelve 30-day months. DTC will in turn remit such principal and interest to the DTC Participants (as hereinafter defined), who will in turn remit such principal and interest to the Beneficial Owners (as hereinafter defined) of the Notes (see “DESCRIPTION OF THE NOTES – Book-Entry System” herein).

The Notes are not subject to prepayment prior to their respective Maturity Dates.

Each Participant has issued one or more tax and revenue anticipation notes (each, a “District Note”), all of which will be attributed to one of the Series or tranches of Notes and immobilized with the Trustee until the respective Maturity Date shown above, and has pledged certain of its Unrestricted Revenues as described herein for the payment of the principal of and interest on its District Note or Notes. No Participant has any obligation to pay the principal of or interest on the District Note of any other Participant. In accordance with State law, each District Note is a general obligation of the related Participant, payable out of such Participant’s Unrestricted Revenues. Payments by or on behalf of a Participant of the principal of and interest on its District Note or Notes shall fully discharge the obligations of such Participant to the Owners of the related Notes, notwithstanding nonpayment by one or more other Participants. See the caption, “THE PARTICIPANTS – Participating Districts” and “—Repayment Schedules” herein.

* Preliminary; subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of The America Bankers Association by S& P Capital IQ. CUSIP data herein is set forth for convenience of reference only. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Underwriters, the Districts, nor the Authority is responsible for the selection or correctness of the CUSIP number set forth above.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

THE NOTES ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY AND THE PARTICIPANTS, AND ARE NOT AND SHALL NOT BE DEEMED TO BE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR UNDER THE INDENTURE. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR THE INTEREST ON THE NOTES, EXCEPT FROM THE FUNDS PROVIDED THEREFOR UNDER THE INDENTURE. THE ISSUANCE OF THE NOTES SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. THE AUTHORITY HAS NO TAXING POWER.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Notes will be offered when, as and if executed and delivered to and received by the Underwriters, subject to approval as to their legality by Norton Rose Fulbright US LLP, Los Angeles, California, Note Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority by the Honorable _____, Attorney General of the State of California and for the Underwriters by Katten Muchin Rosenman LLP, New York, New York. Nixon Peabody LLP, Los Angeles, California, is acting as Disclosure Counsel for the issue. It is anticipated that the Notes, in book-entry form, will be available for delivery through the facilities of DTC on or about _____, 2021.

Honorable Fiona Ma
Treasurer of the State of California
as Agent for Sale

RBC CAPITAL MARKETS

CITI

Dated: _____, 2021

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement in connection with the offers made hereby and, if given or made, such information or representation must not be relied upon as having been authorized by the Authority. The information set forth in this Official Statement has been obtained from the State of California (the "State"), the Authority and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstance create any implication that there has been no change in the affairs of the State since the date hereof. This Official Statement does not constitute an offer to sell the Notes in any state or other jurisdiction to any person to whom it is unlawful to make such an offer in such state or jurisdiction.

This Official Statement is not to be construed as a contract with the purchasers of the Notes. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

All summaries or descriptions of the Notes, the District Notes, the Indenture, the Participant Resolutions (each as defined herein) and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

This Official Statement is submitted in connection with the execution and delivery of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "project," "forecast," "intend," "will likely result," "are expected to," "will continue," "is anticipated" or other similar words or phrases. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The Preliminary Official Statement has been "deemed final" by the Authority for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The State and each Participant maintains a website and certain social media accounts. References to website addresses herein are provided for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein, and such social media accounts are not incorporated by reference herein, should not be relied upon in making an investment with respect to the Notes and are not part of this Official Statement for purposes of and as that term is defined in Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVES KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FORWARD-LOOKING STATEMENTS. NO ASSURANCE IS GIVEN THAT ACTUAL RESULTS WILL MEET THE FORECASTS CONTAINED HEREIN IN ANY WAY. THE AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THESE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR OR DO NOT OCCUR.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE NOTES TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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OFFICIAL STATEMENT

CALIFORNIA SCHOOL FINANCE AUTHORITY STATE AID INTERCEPT NOTES (FISCAL YEAR 2020-21 SCHOOL AND COMMUNITY COLLEGE DISTRICT DEFERRALS)

comprised of

\$ _____*	\$ _____*
2021 Series A-1 (Tax-Exempt)	2021 Series A-2 (Federally Taxable)

and

\$ _____*
2021 Series B (Federally Taxable)

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices hereto, and the documents summarized or described herein. The offering of the Notes to potential investors is made only by means of the entire Official Statement. A full review should be made of the entire Official Statement.

This Official Statement, including the cover page, table of contents and appendices, sets forth certain information concerning the sale of \$ _____* aggregate principal amount of the State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-1 (Tax-Exempt) (the “Tax-Exempt Notes”), \$ _____* aggregate principal amount of the State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-2 (Federally Taxable) (the “Series A-2 Notes”) and \$ _____* aggregate principal amount of the State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series B (Federally Taxable) (the “Series B Notes,” and collectively with the Tax-Exempt Notes and the Series A-2 Notes, the “Notes”) issued by the California School Finance Authority (the “Authority”), a public instrumentality of the State of California (the “State”). The Series A-2 Notes and the Series B Notes are sometimes referred to herein as the “Taxable Notes.” The Notes are payable from certain State aid, comprised of Deferral Amounts (as defined below), attributable to fiscal year 2020-21 (“Fiscal Year 2020-21”) due to certain school districts, county offices of education and community college districts (each, a “Participant,” and collectively, the “Participants”) and intercepted by the Controller (the “Controller”) of the State of California (the “State”) for deposit with U.S. Bank National Association, as Trustee (the “Trustee”) under that certain Indenture, dated as of March 1, 2021, by and between the Authority and the Trustee (the “Indenture”). See ‘SECURITY AND SOURCE OF PAYMENT FOR THE NOTES – State Controller Intercept Procedures’ herein. Each Participant has issued one or more tax and revenue anticipation notes (each, a “District Note”), under which such Participant has pledged its Deferral Amounts, and each District Note shall be immobilized with the Trustee until the respective Maturity Date shown on the cover hereof for the Notes of the related Series or tranche. See “THE PARTICIPANTS” herein for a list of the Participants, the amounts of their District Notes and the Series or tranche of Notes to which such District Notes relate. Capitalized terms not defined herein shall have the meanings ascribed to them in the Indenture.

* Preliminary; subject to change.

The Notes will be issued by the Authority under the Indenture, as authorized by a resolution of the Authority adopted on February 25, 2021. The Authority is authorized to enter into the Indenture and to purchase the District Notes pursuant to its authorizing statute, the California School Finance Authority Act, commencing at Section 17170 *et seq.* (the “Act”) of the Education Code of the State (the “Education Code”). See ‘THE TRANSACTION’ below for details.

Security and Source of Payment for the Notes

As described in more detail herein under the caption, “SECURITY AND SOURCE OF PAYMENT FOR THE NOTES – Principal Apportionments, Deferrals and Warrants,” the State is the primary source of funding available to school and community college districts and county offices of education (each, a “K-14 LEA”) each year. Prior to approving its budget for each fiscal year, the Governor of the State (the “Governor”) proposes an annual budget by January 10 for the next fiscal year, which proposal is then taken up by the Legislature. By law, the Legislature must pass a balanced budget bill, which is in turn submitted to the Governor for final approval. In each Budget Act, the State establishes amounts available to be apportioned to each K-14 LEA and drawn against the State Treasury during the upcoming fiscal year, as further described in APPENDIX A – “THE STATE OF CALIFORNIA – STATE FINANCES – REVENUES, EXPENDITURES AND RESERVES – The Budget Process.” Those amounts designated for payment to the K-14 LEAs are appropriated by the Legislature when included in the Budget Act.

Pursuant to Proposition 98 (“Proposition 98”), a Constitutional initiative that amended Article XVI of the State Constitution (see “PROPOSITION 98” below), K-14 LEAs are entitled to a minimum funding guarantee by the State, calculated each year, and enjoy the highest funding priority under the State Constitution for their principal apportionments pursuant to that minimum funding guarantee from the State (“State Aid Subject to Apportionment”). State Aid Subject to Apportionment is apportioned and paid to K-14 LEAs each month during the fiscal year. Due to the State revenue constraints of the Fiscal Year 2020-21 State budget (the “2020 Budget Act”), State Aid Subject to Apportionment that would normally be distributed to K-14 LEAs during the months of February through and including June 2021 has been deferred to months occurring during Fiscal Year 2021-22. The deferred portion of each Participant’s State Aid Subject to Apportionment is collectively referred to herein as the “Deferral Amounts.” The process of deferring State Aid Subject to Apportionment permits the State to meet its Proposition 98 obligations and still operate under a balanced budget for Fiscal Year 2020-21. These deferrals create a need on the part of the Participants for temporary borrowing of working capital under the State Government Code. Through the issuance of the Notes, secured by each Participant’s pledge of its Deferral Amounts, the Authority is providing the Participants access to the Deferral Amounts during Fiscal Year 2020-21. Each Participant has designated its Deferral Amounts (constituting the “Pledged Revenues” of that Participant) as amounts to be applied exclusively to repayment of its District Note or Notes. As security for the Notes, each Participant will provide instructions to the State Controller (the “Controller”) to intercept its Pledged Revenues sufficient in the aggregate to repay the Notes and pay necessary and incidental costs (collectively, the “Funds Subject to Intercept”) and send the Funds Subject to Intercept to the Trustee. Funds received by the Trustee pursuant to the Indenture will be deposited into the respective Payment Accounts, held in trust and disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture, including the payment of debt service on the Notes (each, a “Payment Account”). **Potential investors should consider the payment by the State of the Participants’ Deferral Amounts from the State General Fund and other legally available amounts as the sole source of payment for the District Notes and thus, for payment of the Notes. No information is provided herein as to the financial operation or condition of any individual Participant.**

Each Participant has pledged its Pledged Revenues for the payment, when due, of the principal of and interest on its District Note. Each Participant’s Deferral Amounts have been appropriated under the terms of the 2020 State Budget approved and signed by the Governor on June 29, 2020 (see APPENDIX A –

“THE STATE OF CALIFORNIA – STATE FINANCES – REVENUES, EXPENDITURES AND RESERVES – The Budget Process”) and are due to be paid by the State to each such Participant in various amounts from July through and including November 2021. See also “THE PARTICIPANTS – Repayment Schedules” herein. Under the terms of a Memorandum of Understanding (the “K-12 MOU”) by and among the Authority, the Controller and the California Department of Education (the “CDE”) and a second Memorandum of Understanding by and among the Authority, the Controller, and the Chancellor of California Community Colleges (the “CCD MOU” and each, an “MOU”) each dated as of February 19, 2021, at closing, the Controller will make such deposits during the Repayment Periods, but only from Funds Subject to Intercept. The procedure for and requirements for submission of such intercept notices (each, an “Intercept Notice”) are set forth at Section 17199.4 of the Act. See “SECURITY FOR AND SOURCE OF PAYMENT FOR THE NOTES – State Controller Intercept Procedures” herein. Pursuant to the terms of the District Notes, there is no obligation on the part of any Participant to make payments on its District Note or Notes in amounts in excess of the portion of the Deferral Amounts necessary to pay debt service on its District Note or Notes.

No Participant has any obligation to pay the principal of, or interest on, the District Note of any other Participant.

Tax Matters

Certain of the Notes, designated as Series A-1, are issued as the Tax-Exempt Notes and certain of the Notes, designated as Series A-2 or Series B, are issued as the Taxable Notes. Proceeds of the Tax-Exempt Notes are being used to originate District Notes subject to the Internal Revenue Code of 1986, as amended (the “Code”) and Treasury Regulations governing the federal tax exemption of state and local indebtedness (the “Tax-Exempt District Notes”), and Payments made by Participants that have issued Tax-Exempt District Notes secure the Tax-Exempt Notes. Proceeds of the Taxable Notes are being used to originate District Notes not subject to the Code and Treasury Regulations governing the federal tax exemption of state and local indebtedness, and the Payments made by Participants that have issued Taxable District Notes secure the Taxable Notes.

The Tax-Exempt Notes. In the opinion of Norton Rose Fulbright US LLP, Note Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and compliance by the Authority and those Participants that have issued Tax-Exempt District Notes with certain covenants and requirements described herein, interest on the Tax-Exempt Notes is excluded from gross income for federal income tax purposes. Note Counsel is further of the opinion that interest on the Tax-Exempt Notes is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Note Counsel, interest on the Tax-Exempt Notes is exempt from State of California personal income tax. See “TAX MATTERS – Tax-Exempt Notes.”

The Taxable Notes. Note counsel is not rendering an opinion regarding the availability of the federal tax exemption to the Taxable Notes. Interest on the Taxable Notes is not intended to be excluded from gross income for federal income tax purposes. Note Counsel is of the opinion that, under existing law, interest on the Taxable Notes is exempt from State of California personal income tax. See “TAX MATTERS – Taxable Notes.”

THE TRANSACTION

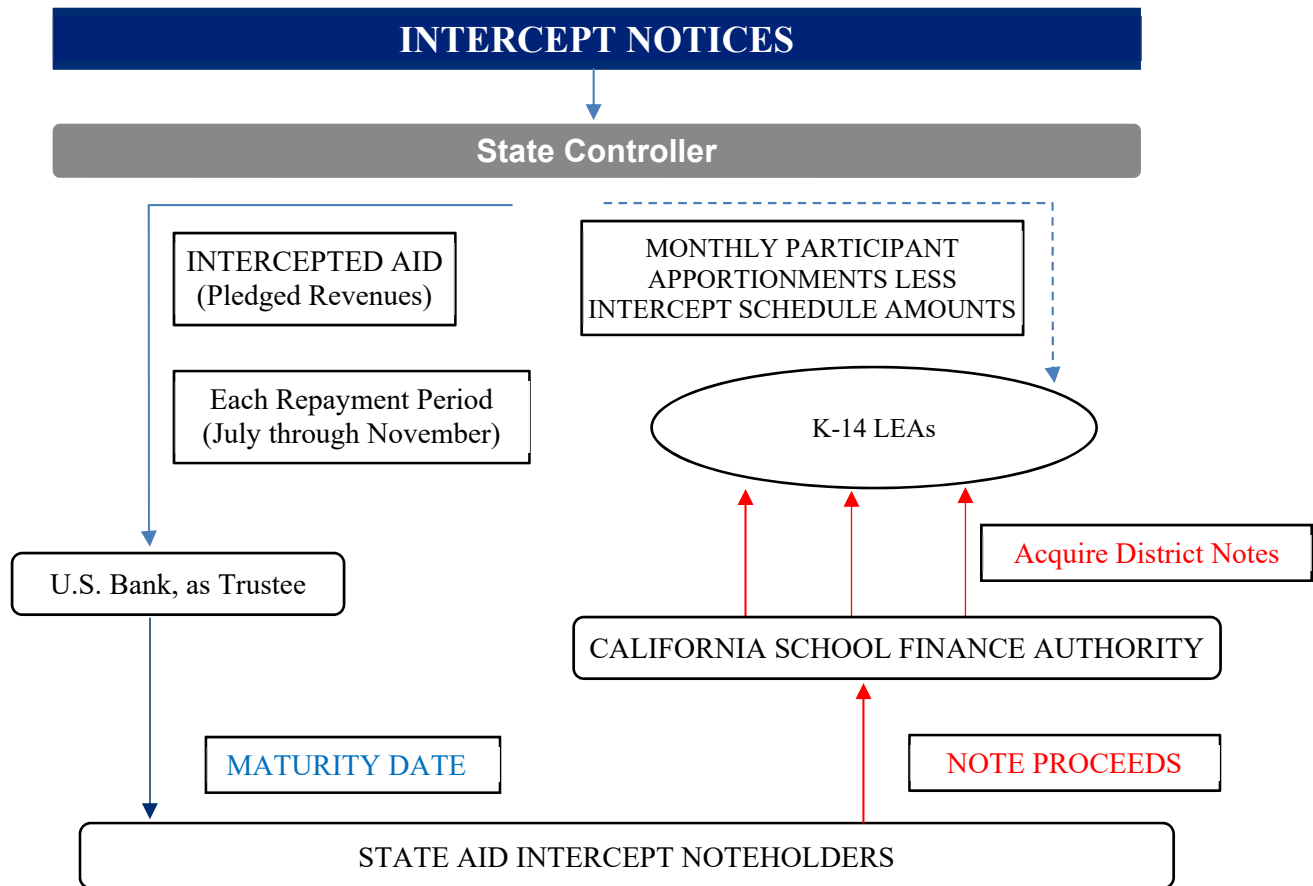
In implementing the 2020-21 State Budget, the State has taken action to defer a substantial amount of each K-14 LEA’s Fiscal Year 2020-21 apportionments, beginning with the apportionments due in February 2021, through and including those due in June 2021. Due to actions taken by the State, some K-14 LEAs will experience cash flow deficits during the remainder of Fiscal Year 2020-21. In the case of

K-12 LEAs, set percentages of their monthly apportionments are to be deferred; in the case of community college districts, the Chancellor has designated certain dollar amounts to be deferred throughout the community college system. Each Participant has designated a portion of its Deferral Amounts (constituting its Pledged Revenues) as amounts to be applied exclusively to repayment of its District Note or Notes. The portion of each Participant's Deferral Amounts constituting that Participant's Funds Subject to Intercept will be intercepted by the Controller during each Repayment Period in which a repayment towards its District Note is scheduled. The Funds Subject to Intercept will then be transferred directly to the Trustee for deposit into that Participant's Payment Account. **No moneys apart from Pledged Revenues are pledged towards the payment of any District Note.**

By issuing its District Note or Notes under the Authority's program, each Participant will receive funds from proceeds of sale of the Notes to offset its cash flow deficits during the Deferral Months. Each Participant will issue, or cause to be issued, its District Note or Notes in a principal amount equal to or less than the lesser of: (a) that Participant's total Deferral Amounts for Fiscal Year 2020-21, or, (b) the Participant's maximum anticipated cash flow deficit occurring within six months of the date of issuance of the District Note, if such Participant's District Note is a Tax-Exempt Note. Amounts necessary to offset the impact of the deferral of amounts normally scheduled to be paid in the month of June 2021 (the "P-2 Apportionment") are being provided through the issuance of the Series B Notes, with the proceeds deposited into escrow with the Trustee until the Release Date described herein. See "THE INDENTURE – Escrow Accounts and Escrow Fund." Pursuant to each Participant Resolution, the related Participant has agreed to participate in the Authority's pooled financing structure described herein and to issue or have its District Note or Notes issued in conjunction with the District Notes of all the other Participants in the same Series or tranche of Notes. See the caption, "THE PARTICIPANTS" and the tables displayed thereunder.

The Authority will assign to the Trustee, for the benefit of the registered owners (the "Owners") of the Notes, all of the right, title and interest of the Authority in, to and under the District Notes. The Authority has reserved the right to be indemnified, held harmless and defended, to inspect and to receive notices, certificates and opinions, to give approvals, consents or waivers under the Indenture. See APPENDIX D – "SUMMARY OF THE INDENTURE."

As additional security for the Notes, each Participant will provide instructions to the Controller to intercept its Pledged Revenues on behalf of the Participant, in the amounts and during the Repayment Periods (defined below) specified in the Intercept Notice and its related Schedule displaying Funds Subject to Intercept (each, a "Schedule") submitted by that Participant, sufficient to pay the principal of and interest on the related District Note or Notes and to pay necessary and incidental costs. Funds received by the Trustee pursuant to the Indenture will be deposited into the respective Payment Accounts, held in trust and disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture, including the payment of debt service on the Notes. Under the provisions of the Act, neither that Participant nor any of its creditors will have any claim to the money apportioned or to be apportioned to the Trustee by the Controller, specified in the Intercept Notice. See "SECURITY AND SOURCE OF PAYMENT FOR THE NOTES – State Controller Intercept Procedures" below.



The Notes enjoy the benefits of a proportionate security interest in the aggregate Funds Subject to Intercept of all the Participants deposited into the Payment Accounts and the Escrow Accounts established pursuant to and held under the Indenture. The amounts in each Payment Account will be applied only for the purposes for which the Payment Account is created until the principal of the related District Note or Notes and all interest thereon are paid or until provision has been made for the payment of the principal of and interest on that District Note or those District Notes. See “THE INDENTURE” herein.

On the date of issuance of the District Notes and the issuance of the Notes (the “Closing Date”), pursuant to the Indenture, the following transactions shall occur simultaneously: (a) the Authority shall purchase the District Notes; (b) the District Notes shall be assigned to and deposited with the Trustee, which shall hold the District Notes until their respective Maturity Dates; (c) the Authority shall issue the Notes (in authorized denominations); (d) the Trustee shall cause such Notes to be registered in the name of the nominee of The Depository Trust Company (“DTC”), for the benefit of the beneficial owners of interests in the Notes described herein (the “Beneficial Owners”); and (e) pursuant to the terms of a Purchase Contract by and between the Treasurer of the State of California (the “State Treasurer”), as agent for sale on behalf of the Authority, and RBC Capital Markets, LLC and Citigroup Global Markets (collectively, the “Underwriters”), the Trustee will deliver the Notes to the Underwriters.

The purchase price for the District Notes shall be derived solely from the proceeds received from the sale of the Notes, which shall be an amount equal to the principal amount of all of the District Notes, less any discount, plus any premium. Debt service payments made by the Controller on behalf of the Participants with respect to their District Notes shall be remitted to the Trustee, and then, by the Trustee by wire transfer to DTC or its nominee, which in turn will remit such payments to participants in DTC (“DTC Participants”) for subsequent disbursement to the Beneficial Owners of the Notes. See “DESCRIPTION

OF THE NOTES — Book-Entry System” herein. The Trustee agrees to hold the District Notes until their respective Maturity Dates for the benefit of the Beneficial Owners. Neither the Authority nor the Trustee shall have any further liability with respect to payments of principal of or interest on the Notes or any fiduciary responsibility to the Owners of the Notes or to the Beneficial Owners except as expressly set forth in the Indenture or the terms of the Notes. See “THE INDENTURE” herein.

Each Participant expects to apply the net proceeds of its District Note or Notes during Fiscal Year 2020-21 for operating expenses incurred in such fiscal year. However, it is possible that a Participant may be able to use restricted funds on a temporary basis to pay such operating expenses. Such restricted funds, if used, will be required to be repaid by the Participant out of District Note proceeds or other available funds. In addition, certain Participants, as indicated on the table under “THE PARTICIPANTS” herein, will use a portion of the net proceeds of the Series A-2 Notes to prepay debt service coming due on certain preexisting obligations of those Participants during the period between the date of issuance of the Notes and their Maturity Date (the “Senior Loans”). This prepayment frees the Deferral Amounts of those Participants to be applied without offset to the payment of the principal of and interest on the Notes.

FINANCIAL CONDITION OF THE STATE GENERAL FUND

Information about the financial condition of the State’s General Fund, and other information concerning the State, is provided in APPENDIX A—“THE STATE OF CALIFORNIA.” Investors should review the entire APPENDIX A.

For information on the impacts to the State’s General Fund due to the COVID-19 pandemic please see “RECENT DEVELOPMENT—COVID-19” in APPENDIX A.

SECURITY AND SOURCE OF PAYMENT FOR THE NOTES

The District Notes

The Notes are secured by the Participants’ pledge of their Deferral Amounts related to Fiscal Year 2020-21 under their respective District Notes.

Pursuant to Proposition 98, K-14 LEAs are entitled to a minimum funding guarantee by the State, calculated each year, and enjoy a funding priority for the principal apportionments pursuant to that minimum funding guarantee from the State. As stated above, due to budgetary challenges faced by the State during Fiscal Year 2020-21, a portion of apportionments that would normally be distributed to K-14 LEAs during the months of February through and including June 2021 have been deferred under the terms of the 2020-21 State Budget to months occurring during Fiscal Year 2021-22. The process of deferring apportionments permits the State to meet its Proposition 98 obligations and still operate under a balanced budget for Fiscal Year 2020-21. These deferrals create a need on the part of the Participants for temporary borrowing for working capital under the Government Code. Through the issuance of the Notes, secured by each Participant’s pledge of a portion of its Deferral Amounts, the Authority is providing the Participants access to their Deferral Amounts during Fiscal Year 2020-21 prior to the dates on which the Deferral Amounts are scheduled to be paid.

Potential investors should consider the payment by the State of the Deferral Amounts as the sole source of payment of the District Notes, and thus for payment of the Notes. No information is provided herein as to the financial operation or condition of any individual Participant.

In connection with satisfying its obligations to K-14 LEAs under Proposition 98, the State has the ability to access its General Fund cash on hand and other borrowable resources. See APPENDIX A – “CASH MANAGEMENT – Inter-Fund Borrowings.”

Each Participant has pledged its Deferral Amounts for the payment, when due, of the principal of and interest on its District Note. The Deferral Amounts are due to be paid to the Participants in various amounts from July through and including November 2021. See “THE PARTICIPANTS – Repayment Schedules” herein. Under the terms of the K-12 MOU, as to K-12 Participants, or the CCD MOU, as to CCD Participants, at the date of delivery of the Notes, each Participant will have submitted a request to the Controller to intercept scheduled Funds Subject to Intercept during the Repayment Periods for deposit with the Trustee to its Payment Account established under the Indenture, and the Controller will make such deposits during the Repayment Periods. See “– State Controller Intercept Procedures” below. The District Notes are obligations of each Participant payable from Pledged Revenues attributable to Fiscal Year 2020-21. *During the Repayment Periods, there may not be any funds available to the Participants representing Pledged Revenues attributable to Fiscal Year 2020-21 apart from Deferral Amounts.*

No Participant has any obligation to pay the principal of, or interest on, the District Note of any other Participant.

The District Notes are general obligations of the respective Participants and, to the extent that a District Note is not paid from the Pledged Revenues of the respective Participant, such District Note shall be paid, with interest thereon, from any other moneys of the affected Participant lawfully available therefor and attributable to Fiscal Year 2020-21, pursuant to Section 53857 of the Government Code.

Assignment of District Notes

Pursuant to the Indenture, the District Notes and all right, title and interest therein and to all payments thereon, are irrevocably assigned, pledged and transferred to the Trustee for the benefit of the registered owners of the Notes (the “Owners”). The debt service payments on each District Note shall be deposited into the related Payment Account and, together with anticipated investment earnings thereon, shall be used towards the payment of the principal of and interest on the Notes, and the District Notes will not be pledged to or used for any other purpose while any of the Notes remain outstanding. The assignment, transfer and pledge of the District Notes to the Trustee pursuant to the Indenture shall constitute a first and exclusive lien on the principal and interest payments and all other rights arising under the District Notes in accordance with the Indenture. A District Note funded from the proceeds of the Tax-Exempt Notes is sometimes herein referred to as a “Tax-Exempt District Note,” a District Note funded from the proceeds of the Series A-2 Notes is sometimes herein referred to as a “Series A-2 District Note,” and a District Note funded from proceeds of the Series B Notes is sometimes herein referred to as a “Series B District Note.” The Series A-2 District Notes and the Series B District Notes are sometimes herein referred to as the “Taxable District Notes.”

All Funds Subject to Intercept identified in an Intercept Notice and Schedule for a Participant shall be intercepted and paid by the Controller directly to the Trustee for deposit into the related Participant’s Payment Account and invested through the respective Maturity Dates of the related Notes. All money in the Payment Accounts shall be held in trust for the benefit and security of the Registered Owners of the Notes. If the amount on deposit in a Participant’s Payment Account is in excess of the amounts required to pay the principal of and interest due on that Participant’s District Note or Notes on the Maturity Date, such excess amounts shall remain in such Participant’s Payment Account and, subject to any rebate requirements as specified in the Tax Certificate (but only as to the Tax-Exempt District Notes) of each Participant dated the date of delivery, shall be transferred to the general fund of such Participant following payment of the principal amount of Notes corresponding to such Participant’s District Note or Notes and the interest thereon. To the extent that Funds Subject to Intercept received from the Controller on behalf of a Participant are less than the amounts required to pay the principal of and interest due on such District’s Note on the Maturity Date, the Trustee shall apply the moneys received in the following order of priority: first, to pay interest on such District Note; and second, to pay the principal of such District Note.

Limited Obligations

The Notes are limited obligations of the Authority. The Authority is not obligated to advance any moneys derived from any source other than Pledged Revenues paid under the District Notes, whether for the payment of the principal of, or interest on, the Notes.

Pledged Revenues

As security for its District Note, and thus for the related Notes, each Participant has pledged its Pledged Revenues, and the principal of that Participant's District Note or Notes and the interest thereon shall constitute a first lien on and charge against that Participant's Pledged Revenues.

The aggregate amounts of Deferral Amounts and Funds Subject to Intercept for all of the Participants whose District Notes are part of the several series and tranches of the Notes, expressed as a percentage of the principal amount of the Notes are reflected in the following table, displayed by the Repayment Periods during which Funds Subject to Intercept are expected to be deposited in the Payment Accounts, with the deposits during each Repayment Period required to be made on or before the last business day of that Repayment Period. A portion of the Funds Subject to Intercept for each Repayment Period will be set aside for the payment of interest due on the respective series of Notes at maturity. The total amount of the Funds Subject to Intercept for each Participant equals the principal of and interest on the District Note or Notes of that Participant, without taking into account any investment earnings on funds held by the Trustee in that Participant's Payment Account.

Series A-1 Notes

<u>Repayment Period</u>	<u>Deferral Amounts</u>	<u>Funds Subject to Intercept</u>	<u>Percentage of Principal of Notes</u>
7/1 – 7/31/21			
8/1 – 8/31/21			
9/1 – 9/30/21			
10/1 – 10/31/21			
11/1 – 11/30/21			

Series A-2 Notes

<u>Repayment Period</u>	<u>Deferral Amounts</u>	<u>Funds Subject to Intercept</u>	<u>Percentage of Principal of Notes</u>
7/1 – 7/31/21			
8/1 – 8/31/21			
9/1 – 9/30/21			
10/1 – 10/31/21			
11/1 – 11/30/21			

Series B Notes

<u>Repayment Period</u>	<u>Deferral Amounts</u>	<u>Funds Subject to Intercept</u>	<u>Percentage of Principal of Notes</u>
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7/1 – 7/31/21

The proceeds of the Tax-Exempt Notes will provide funds to purchase Tax-Exempt District Notes secured by Funds Subject to Intercept of the related Participants coming due during the months of August through and including November 2021; the proceeds of the Series A-2 Notes will provide funds to purchase the Series A-2 District Notes secured by Funds Subject to Intercept of the related Participants coming due during the months of August through and including November 2021; and the proceeds of the Series B Notes will provide funds to purchase the Series B District Notes secured by Funds Subject to Intercept of the related Participants coming due in July 2021. The net proceeds of the Series B Notes will be placed into escrow pending the finalization of the June 2021 Deferral Amount, which will be determined and announced at the end of June 2021. Upon finalization of the June Deferral Amount, a portion of the net Series B proceeds equal to the final June Deferral Amount will be released to the Participants and the remainder, if any, deposited into the Payment Accounts of the affected Series B Participants. See “THE INDENTURE – Escrow Accounts and Escrow Fund” and Exhibit 2 to APPENDIX A – ‘THE STATE OF CALIFORNIA.’”

Pursuant to the Indenture, the terms of each Participant Resolution and the “State Controller Intercept Procedures” described immediately below, at closing, each Participant will have caused the Funds Subject to Intercept, in an amount equal to debt service due on its District Note or Notes, to be intercepted by the Controller and deposited in a separate Payment Account established for such Participant with the Trustee until the amount on deposit in such Payment Account is equal during the respective Repayment Periods to the percentages of the principal and interest due on such District Note or Notes at maturity as established for that Participant. The amounts deposited into each Payment Account shall be applied solely to the payment of the District Note or Notes of that Participant and the related Notes at the times and in the manner set forth in the respective District Note or Notes and the Indenture. See “THE INDENTURE” herein and APPENDIX D – “SUMMARY OF THE INDENTURE.”

State Controller Intercept Procedures

Pursuant to Section 17199.4 of the Act, as amended by Senate Bill 820 (“SB 820”), K-14 LEAs that finance capital improvements or working capital, such as the Participants, may request in writing that the Controller intercept their State apportionments for the purpose of providing additional security for obligations under their financing agreements with the Authority. On or before the date of delivery of the Notes, each Participant, under the terms of its Participant Resolution, will execute and deliver to the Controller an Intercept Notice and a Schedule, pursuant to which the Participant elects to secure its District Note and provide for funding of the debt service payments thereon, together with certain costs necessary and incidental thereto. Each Intercept Notice will request that the Controller, upon receipt of that Participant’s monthly apportionment from the State, intercept an amount equal to the Funds Subject to Intercept to the Trustee for deposit into the Payment Account of that Participant. On the date of delivery of the Notes, the Authority will provide a schedule of Deferral Amounts to the Controller with respect to the K-12 Participants and the Chancellor will provide a schedule of Deferral Amounts to the Controller with respect to the CCD Participants. Pursuant to the terms of the CDE MOU with respect to school districts and county offices of education and the CCD MOU with respect to community college districts, if the amount of a Participant’s Deferral Amounts in any given Repayment Period does not equal or exceed that Participant’s Funds Subject to Intercept due in the same Repayment Period, the Controller will intercept and transfer to the Trustee the full amount of the State Aid Subject to Apportionment received and will

advise both the Trustee and the affected Participant of the shortfall. The Controller will add the amount of the shortfall to the Funds Subject to Intercept intercepted in the following and each succeeding Repayment Period, if necessary, until the Payment Account is fully funded.

Under the Act, no party, including any Participant or any of their creditors, will have any claim to the money apportioned or to be apportioned to the Trustee by the Controller under the foregoing procedures.

A change in applicable State law (a “Change in State Law”) following the date of issuance of the Notes could result in revisions by the State to the amount and timing of Deferral Amounts and advance or further defer the dates upon which the Deferral Amounts are to be paid and to alter the amounts to be paid by the State from those included in the schedule of Deferral Amounts in effect on the date of delivery of the Notes. In such event, the CDE and the Chancellor will establish revised schedules of Deferral Amounts attributable to each Participant promptly after a Change in State Law and the Participants have authorized the Authority to provide revised schedules, on behalf of the Participants, to the Controller (each, a “Revised Schedule”).

If the effect of a Change in State Law is to reduce any Deferral Amounts due to be paid to the Participants, so that a greater percentage of the apportionments payable in due course to the Participants during any of the Repayment Periods is in fact paid during the Deferral Months (each, a “Restored Apportionment”), the Participants have authorized the Authority, on their behalf, to provide the Controller with Revised Schedules to the Intercept Notices that (a) reduce the Funds Subject to Intercept during the months of July through and including November 2021 by an amount equal to the Restored Apportionments and (b) subject all of the Restored Apportionments to the Intercept Notices in the Repayment Periods and in the amounts established pursuant to the Change in State Law.

If the effect of a Change in State Law is to delay further one or more dates upon which the Deferral Amounts were, as of the date of delivery of the Notes, expected to be paid to the Participants, then the Authority, on behalf of the Participants, will provide the Controller with Revised Schedules to the Intercept Notices that reduce or increase, as appropriate, the Funds Subject to Intercept as and when scheduled to be received under the terms of the Change in State Law during the revised Repayment Periods.

The Controller has covenanted under each MOU to intercept and transfer to the Trustee the Funds Subject to Intercept for the benefit of the Participants, as described above.

Principal Apportionments, Deferrals and Warrants

General. Pursuant to Proposition 98, K-14 LEAs are entitled to a minimum funding guarantee by the State, calculated each year, and enjoy a funding priority for the State Aid Subject to Apportionment pursuant to that minimum funding guarantee from the State.

Methods of Principal Apportionments. Existing State law requires the Controller to draw warrants on the State Treasury throughout each year in specified amounts for purposes of apportioning Proposition 98 funding to school districts, county offices of education and charter schools, under policies established by the State Board of Education and State Superintendent of Schools, and to draw warrants representing the apportionments for community college districts, distributed through the Chancellor, under policies established by the Board of Governors of the California Community Colleges. The provisions of the Education Code prescribing the methods of apportionments to K-12 LEAs are found at Section 41330 *et seq.* and to community college districts, at Section 84320 *et seq.* State Aid Subject to Apportionment for Fiscal Year 2020-21 was appropriated under the terms of the 2020 Budget Act.

Fiscal Year 2020-21. Under the State’s Budget Trailer Bill, S.B. 98 (“SB 98”), a part of the 2020 Budget Act, various provisions of the Education Code were amended to mandate changes in the way in which State Aid Subject to Apportionment would be paid to K-14 LEAs during Fiscal Year 2020-21. Specifically, Section 14041.5(f)(1)(B) of the Education Code provides for the current fiscal year that deferrals (each, a “Scheduled Deferral”) be made according to the following schedules:

K-12 Schools, County Offices and Charter Schools

<u>Month</u>	<u>Deferral Amount</u>	<u>Month Scheduled Deferrals to Be Paid</u>
February 2021 ⁽¹⁾	\$1,540,303,000	November 2021
March 2021 ⁽¹⁾	2,375,308,000	October 2021
April 2021 ⁽¹⁾	2,375,308,000	September 2021
May 2021 ⁽¹⁾	2,375,308,000	August 2021
June 2021 ⁽²⁾	4,230,000,000/balance	July 2021

⁽¹⁾ P-1.

⁽²⁾ P-2.

Community College Districts

<u>Month</u>	<u>Amount Deferred</u>	<u>Month Scheduled Deferrals to Be Paid</u>
February 2021	\$253,243,000	November 2021
March 2021	300,000,000	October 2021
April 2021	300,000,000	September 2021
May 2021	300,000,000	August 2021
June 2021	300,000,000	July 2021

The Scheduled Deferrals will be paid on or before the final business day of each of the calendar months of 2021 indicated in the above tables from warrants the State issued as part of the 2020 Budget Act or from State moneys on hand in those months and made available to the Controller. As described in more detail under “– State Controller Intercept Procedures” above, the Controller will then deposit with the Trustee the designated portion of each Scheduled Deferral on behalf of each of the Participants, for credit to their respective Payment Accounts. Scheduled Deferrals are not subject to change, except by specific action taken by the Legislature of the State (the “Legislature”) prior to the dates of the Scheduled Deferrals.

While K-14 LEAs are funded by the State based in part on their attendance and full-time enrollment statistics, the 2020 Budget Act included provisions protecting K-12 school funding at levels corresponding to the 2019-20 fiscal year levels and the Chancellor has issued an order providing for similar hold-harmless treatment for full-time enrollment at community colleges. The statutory Cost-of-Living Adjustment, or COLA, has been suspended for the 2020-21 Fiscal Year.

K-12 LEAs may apply for relief from the Scheduled Deferrals shown above by meeting certain criteria and making an application to their county offices of education, subject to the approval of the State Director of Finance. Funds available to satisfy such waivers are limited to \$100 million for Fiscal Year 2020-21. Forty-six K-12 LEAs applied to such relief for Fiscal Year 2020-21 and 44 of them were approved.

Prior Fiscal Year Deferrals. In prior fiscal years, beginning with the 2007-08 fiscal year, the State has effected deferrals of principal apportionments in various amounts to various subsequent months. In fiscal years 2009-10 and 2010-11, the Legislature took action to extend the dates of payment of previously scheduled deferrals, in some cases, within a fiscal year and in others, in a cross-fiscal year setting. During those fiscal years, no program existed under which K-14 Districts could issue tax and revenue anticipation notes on a pooled basis, and elect to fund the debt service on such notes via the Controller’s Intercept procedures described herein.

If the Scheduled Deferrals are adjusted downwards following the date of issuance of the Notes, there may not be sufficient moneys available from remaining Deferral Amounts and other sources of liquidity of the individual Participants to ensure timely and full payment of the principal of and interest on the affected District Notes, and, therefore, the Notes. The Scheduled Deferrals for the months of February through and including May 2021 (“P-1”) will be established by the CDE and the Chancellor prior to the date of issuance of the Notes; the Scheduled Deferrals for June 2021 (“P-2”) will not be finalized until the end of June 2021. An amount equal to the June 2021 Scheduled Deferral will be deducted from Series B Note proceeds at Closing and deposited into an Escrow Account until confirmation of the P-2 Apportionment. See “THE INDENTURE” below. The Authority can make no representation as to whether, or to what extent, the Legislature may elect to reduce or extend the dates of payment of Deferral Amounts established under SB 98 for Fiscal Year 2020-21. A significant further extension in the dates on which the Deferral Amounts are paid or a reduction made to the Deferral Amounts could result in shortfalls in amounts available to pay the District Notes during the Repayment Periods and, thus, delay payment of the Notes. See “—State Controller Intercept Procedures” above.

Investment of Payment Accounts

The Indenture provides that amounts on deposit in the Payment Accounts of the Payment Fund are permitted to be invested by the Trustee at the direction of the Authority in the following investments; *provided, however*, that amounts shall not be invested in investments with their respective maturity dates later than the Maturity Date of the Notes.

1. Direct obligations (including stripped obligations) of (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), or obligations, the payment of principal of and interest on which are directly or indirectly unconditionally guaranteed by, the United States of America;
2. Direct or indirect obligations (including stripped obligations) of any department, agency or instrumentality of the United States of America, the timely payment of principal of and interest on which are fully guaranteed by the United States of America or which are rated A or better by Fitch or S&P (whichever rating agency is then rating the Notes);
3. Refunded municipal obligations rated AAA by S&P or Aaa by Fitch, the timely payment of principal of and interest on which are fully guaranteed by the United States of America;
4. Interest-bearing deposit accounts (including certificates of deposit in federal or State-chartered savings and loan associations or in federal or State banks (including the Trustee), provided that the unsecured obligations of such savings and loan association or bank are rated A or better by Fitch or S&P (whichever rating agency is then rating the Notes);
5. Commercial paper rated in the highest short-term rating category by Fitch or S&P (whichever rating agency is then rating the Notes);

6. Federal funds or bankers acceptances with a maximum term of one year of any bank which holds an unsecured, uninsured and unguaranteed obligation rate in the highest rating category of Fitch or S&P (whichever rating agency is then rating the Notes);
7. Units of a money-market fund portfolio rated in the highest rating category by Fitch or S&P (whichever rating agency is then rating the Notes);
8. Any obligations which are then legal investments for moneys of the Participants under the laws of the State; provided, that if such investments are not fully insured by the Federal Deposit Insurance Corporation, such investments shall be, or shall be issued by entities, the debt securities of which are rated in the highest short-terms (without regard to any modifiers) or one of the two highest long-term rating categories by Fitch and S&P (whichever rating agency is then rating the Notes); and
9. An investment agreement rated in one of the two highest long-term rating categories by Fitch and S&P (whichever rating agency is then rating the Notes) or whose commercial paper rating is in the highest rating category (without regard to any modifiers) of Fitch and S&P (whichever rating agency is then rating the Notes), or is fully collateralized by investments listed in item 1 or 2 above; and
10. The Surplus Money Investment Fund of the State.

Certain of the net District Note proceeds will be transferred at closing to the Treasurers of the several counties in which the Participants are located and invested to their credit in their respective Treasury Pools. The net proceeds of each District Note representing the amount of that Participant's Deferral Amount for the month of June 2021 (the "June Deferral Amount") will be deposited into an escrow account (each, an "Escrow Account") established with the Trustee and disbursed at the Escrow Release Date described below. See "THE INDENTURE – Escrow Accounts and Escrow Fund."

THE AUTHORITY

The Authority is a public instrumentality of the State of California created pursuant to provisions of the Act. The Authority is authorized to issue the Notes under the Act and to purchase the District Notes with the proceeds of the Notes and to secure the Notes by a pledge of, among other things, the District Notes and the funds and accounts held under the Indenture. Pursuant to the Act, borrowers under transactions where the Authority is the issuer, such as the Notes, have the option to request the State Controller to intercept debt service payments on their behalf. See "SECURITY AND SOURCE OF PAYMENT FOR THE NOTES – State Controller Intercept Procedures" above.

THE AUTHORITY IS NOT OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE NOTES, EXCEPT FROM THE FUNDS PROVIDED THEREFOR UNDER THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER.

DESCRIPTION OF THE NOTES

The Notes

The Tax-Exempt Notes will be issued as fully registered securities in the aggregate principal amount of \$ _____*, the Series A-2 Notes will be issued as fully registered securities in the

* Preliminary; subject to change.

aggregate principal amount of \$ _____* and the Series B Notes will be issued as fully registered securities in the aggregate principal amount of \$ _____.* The Notes will be dated, will mature and will bear interest calculated at the rate per annum shown on the cover page hereof. Principal of and interest on the Notes will be payable on the specified Maturity Dates shown on the cover page hereof and will be payable by the Trustee from amounts on deposit in all of the Payment Accounts established for each Participant to DTC, which will in turn remit such principal and interest to the DTC Participants. It is the responsibility of the DTC Participants to remit such principal and interest to the Beneficial Owners. **Neither the Notes nor the District Notes are subject to prepayment prior to their maturity.**

Book-Entry System

DTC will act as securities depository for the Notes. The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security will be issued in the aggregate principal amount of the Notes of each Series and tranche and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ assigned by S&P (as defined herein). The DTC Rules applicable to its Direct and Indirect Participants (collectively, the "DTC Participants") are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name

of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by DTC Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as defaults and proposed amendments to the Indenture. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority (or the Trustee on behalf thereof) as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or the Authority, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of DTC Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Notes are required to be printed and delivered.

The DTC Participants may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Notes will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds in connection with the issuance of the Notes are as follows:

	Series A-1 Notes	Series A-2 Notes	Series B Notes
<i>Sources of Funds</i>			
Principal Amount of Notes			
Plus Original Issue Premium			
Less Original Issue Discount			
<i>Uses of Funds</i>			
Deposits to Proceeds Accounts ⁽¹⁾			
Deposits to Escrow Accounts ⁽²⁾			
Payments on Senior Loans ⁽³⁾			
Deposit to Payment Accounts ⁽⁴⁾			
Costs of Issuance ⁽⁵⁾			

⁽¹⁾ Amounts in the Proceeds Accounts will be released to the respective Participants at Closing.

⁽²⁾ Amounts deposited into the Escrow Accounts will be retained in the Escrow Accounts until the Escrow Release Date described below.

⁽³⁾ The designated Participants indicated in the table under “THE PARTICIPANTS – SERIES A-2 DISTRICT NOTES” will apply a portion of the net proceeds of their District Notes to the payment of debt service on their Senior Loans.

⁽⁴⁾ Represents capitalized interest on the District Notes through the Maturity Date.

⁽⁵⁾ Costs of issuance include, but are not limited to, Underwriters’ discount, fees and expenses of the Trustee, the Municipal Advisor, Note Counsel and Disclosure Counsel.

Debt Service Schedule

The following table displays the debt service schedule for the series and tranches of the Notes.

Series/Tranche	Principal	Interest	Principal and Interest	Pledged Revenues
A-1	\$	\$		
A-2				
B				

THE PARTICIPANTS*

Participating Local Education Agencies

The K-14 LEAs participating in the financing herein described, their Deferral Amounts and Pledged Revenues are set forth in the tables below. Certain Participants have issued only Tax-Exempt District Notes; other Participants have issued both Tax-Exempt and Taxable District Notes; and a third group of Participants has issued only Taxable District Notes. See “TAX MATTERS” herein.

SERIES A-1 DISTRICT NOTES

Name of Participant	Deferral Amounts for FY 2020-21*	Funds Subject to Intercept for Series A-1 District Notes*
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SERIES A-2 DISTRICT NOTES

Name of Participant	Deferral Amounts for FY 2020-21*	Funds Subject to Intercept for Series A-2 District Notes*
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⁽¹⁾ Designated Participants will apply a portion of their net Series A-2 Note proceeds to the prepayment of debt service on their Senior Loans otherwise coming due between the date of issuance of the Notes and the Maturity Date.

* Preliminary; subject to change.

SERIES B DISTRICT NOTES

Name of Participant	Deferral Amounts for FY 2020-21*	Funds Subject to Intercept for Series B District Notes*
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Repayment Schedules

Each District Note includes a repayment schedule, commencing with a repayment amount (each, a “Repayment Amount”) due on or before the last day of each of the months of July, August, September, October and November 2021 (each, a “Repayment Period”). If, in any Repayment Period, the amount the Controller is able to intercept from the Participant’s Deferral Amount for that month is insufficient to make a deposit with the Trustee equal to that Participant’s Repayment Amount in that month, the Controller will transfer the available amount to the Trustee and will carry forward the amount of the shortfall to the following month and add it to the Repayment Amount for that Participant then due.

The Repayment Amount due from a Participant in each Repayment Period is established at or less than an amount equal to the Deferral Amount scheduled to be received by that Participant in that Repayment Period.

Participant Covenants

Each Participant will make certain representations and covenants for the benefit of the registered owners of the Notes, including:

- (a) The Participant is a school district, county office of education or community college district duly organized and existing under the laws of the State and has all necessary power and authority to (i) adopt its Participant Resolution and any supplement thereto and approve and perform its obligations thereunder and under the Note Purchase Agreement and the District Note; and (ii) issue, or to authorize the county in which it resides to issue and deliver on its behalf, the District Note.
- (b) (i) Upon the issuance of its District Note, the Participant will have taken all actions required to be taken by it to authorize the issuance and delivery of such District Note and the performance of its obligations thereunder; and (ii) the Participant has full legal right, power and authority to issue or to request the county in which it resides to issue and deliver the

* Preliminary; subject to change.

District Note and to perform its obligations as provided in the Participant Resolution and the District Note.

- (c) The issuance of the District Note, the adoption of the Participant Resolution and the execution and delivery of the Note Purchase Agreement and compliance therewith and with the provisions of the Participant Resolution do not and will not conflict with, breach or violate any law, administrative regulation, court decree, resolution, charger, bylaws or other agreement to which the Participant is subject or by which it is bound.
- (d) Except as may be required under the blue sky or other securities law of any state or Section 3(a)(2) of the Securities Act of 1933, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the Participant required for the issuance and sale of the District Note or the consummation by the Participant of the other transactions contemplated by the Participant Resolution except those the Participant shall obtain or perform prior to or upon the issuance of the District Note.
- (e) The Participant has duly and properly adopted a budget for Fiscal Year 2020-21 and has complied with all statutory and regulatory requirements with respect to the adoption of such budget. The Participant shall provide to the Authority, the Trustee, the Underwriters and the Municipal Advisor, its revised or final budget for Fiscal Year 2020-21, and, promptly upon adoption, copies of any revised or final budget for Fiscal Year 2020-21, and will comply with all applicable law pertaining to its budget.
- (f) The Participant (i) is not currently in default on any debt obligation, (ii) to the best knowledge of the Participant, has never defaulted on any debt obligation and (iii) has never filed a petition in bankruptcy.
- (g) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending, or to the best knowledge of the Participant, threatened against or affecting the Participant, questioning the validity of any proceeding taken or to be taken by the Participant in connection with the District Note, the Note Purchase Agreement or the Participant Resolution, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the District of any of the foregoing, or wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the ability of the Participant to conduct its activities as presently conducted or as proposed or contemplated to be conducted, or would materially adversely affect the validity or enforceability of, or the authority or ability of the Participant to perform its obligations under the Agreements or the Participant Resolution.
- (h) The Participant will not directly or indirectly amend, supplement, repeal or waive any portion of the Participant Resolution in any way that would materially adversely affect the interests of the Owners of the District Notes or the Notes.
- (i) Upon the issuance of the District Note, the District Note and the Participant Resolution will constitute legal, valid and binding agreements of such Participant, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy or other laws affecting creditors' rights generally, the application of equitable principles, if equitable remedies are sought, the exercise of judicial discretion in appropriate cases and the limitations on legal remedies against school or community college districts in the State.

- (j) All representations and recitals contained in the Participant Resolution are true and correct, and the Participant and its appropriate officials have duly taken, or will take, all proceedings necessary to be taken by them, if any, for the levy, receipt, collection and enforcement of the Pledged Revenues in accordance with law and in order to carry out the provisions of the District Notes and the Participant Resolution.
- (k) The Participant shall not incur any senior or parity indebtedness secured by a pledge of its Unrestricted Revenues for Fiscal Year 2020-21 unless issued pursuant to the Authority's TRANs Program.
- (l) So long as the Notes are Outstanding, the Participant will not create or suffer to be created any pledge or lien on its District Note or its Unrestricted Revenues for Fiscal Year 2020-21 other than the pledge and lien of the Indenture.
- (m) As to school districts and county offices of education only, as of the date of adoption of the Participant Resolution, based on the most recent report prepared by the Superintendent of Public Instruction of the State, the Participant does not have a negative certification (or except as disclosed in writing to the Underwriters, a qualified certification) applicable to the fiscal year ended June 30, 2020 ("Fiscal Year 2019-20") or Fiscal Year 2020-21 (within the meaning of Section 42133 of the Education Code). The Participant covenants that it will immediately deliver a written notice to the Authority, the Underwriters, the Municipal Advisor and Note Counsel if it (or in the case of County Boards of Education, the related County Superintendent of Schools) files with the County Superintendent of Schools, the County Board of Education or the State Superintendent of Public Instruction or receives from the County Superintendent of Schools or the State Superintendent of Public Instruction a qualified or negative certification applicable to Fiscal Year 2019-20 or Fiscal Year 2020-21 prior to the Closing Date or the Maturity Date.
- (n) The Participant will maintain a positive general fund balance in Fiscal Year 2020-21.
- (o) The Participant has and will maintain an investment policy consistent with the requirements set forth in the Government Code.
- (p) The Participant will immediately deliver written notice to the Authority, the Underwriters, the Municipal Advisor and Note Counsel upon the occurrence of any event which constitutes an Event of Default under the Participant Resolution, or which would constitute an Event of Default but for the giving of notice or the passage of time, or both.
- (q) To the extent that its District Note or one of its District Notes is a Tax-Exempt Note, the Participant covenants to comply with applicable provisions of the Tax Code. See "TAX MATTERS" herein.

THE INDENTURE

Reference is made to the more detailed summary of the Indenture provided at APPENDIX D – "SUMMARY OF THE INDENTURE."

Pursuant to the Indenture, U.S. Bank National Association is appointed to act as Trustee with respect to the Notes, with the duty to hold the District Notes in trust until maturity for the benefit of the Beneficial Owners of the Notes. The Trustee is further appointed to act as Registrar for the Notes and, in such capacity, to keep and maintain books and records as to the ownership, transfer and exchange of the

Notes. Until the Maturity Date, the District Notes are not subject to transfer of ownership but are immobilized with the Trustee.

A portion of the net proceeds from the sale of the Notes (except for the Series B Notes) will be deposited with, and disbursed by, the Trustee for the payment of certain costs of delivery of the Notes. The Trustee shall make payments of principal of, and interest on, the Notes when duly presented at the Maturity Date.

At Closing, those Participants indicated in footnote 1 to the table under “THE PARTICIPANTS – Series A-2 District Notes” (each, a “Prepaying Participant”) will prepay from the proceeds of their Series A-2 District Notes the obligations existing under their Senior Loans coming due during the period from the date of issuance of the Notes until the Maturity Date. The Trustee will withdraw an amount equal to the aggregate of such obligations for each Prepaying Participant (the “Prepaid Amount”) from the Note Proceeds Account of that Prepaying Participant and transfer it to the trustee or other obligee of the related Senior Loan, with irrevocable instructions to apply the Prepaid Amount to debt service coming due during the period from the date of issuance of the Notes through the Maturity Date. In the case of each Participant with a loan outstanding from the State School Fund or the Infrastructure and Economic Development Bank of the State of California, the application of Series A-2 District Note proceeds to prepay the Prepaid Amount will result in the filing of a revised schedule by the Prepaying Participant under the intercept notice relating to that Senior Loan, freeing up its Deferral Amounts for availability as the Funds Subject to Intercept.

Each Participant has covenanted in its Participant Resolution to cause its Payment Account to be maintained by the Trustee, which shall cause the application of the amounts deposited therein solely to the payment of the District Notes and the Notes at the times and in the manner set forth in such Participant Resolution during each Repayment Period. In the Indenture, the Trustee has covenanted that it will duly and punctually pay or cause to be paid principal of and interest on the Notes on the Maturity Date from the payments of principal of, and interest on, the District Notes on deposit in the Payment Fund, that it will not pledge, assign, subject to any lien, or otherwise encumber the Funds Subject to Intercept received from the Controller on behalf of any Participant, and that it shall apply such payments solely to the payment of the principal of and interest due on the Notes; *provided, however* that the Trustee shall not be required to expend any funds other than moneys paid by or on behalf of the Participants as and for payments of principal of and interest on the District Notes, including Funds Subject to Intercept, any other amounts deposited into the Payment Accounts and any other moneys lawfully available therefor pursuant to the Participant Resolutions. Under the terms of the Indenture, in no event shall the Trustee be required to expend any of its own funds or incur any personal liability with respect to the Notes. The Trustee covenants that it will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture, that it will not pledge, assign, subject to any lien, or otherwise encumber the related District Notes or any interest therein other than as contemplated by the Indenture and that it will hold the related District Notes for the sole benefit of the Owners until the Maturity Date.

Escrow Accounts and Escrow Fund. The Escrow Accounts are funded solely with proceeds of the Series B Notes. The June Deferral Amounts will not be finalized by the CDE or the Chancellor, as appropriate, until a date in late June 2021. The Participants have included their individual estimated June Deferral Amounts (each, an “Estimated June Deferral Amount”) as estimated by the CDE in the principal amount of their District Notes. The net proceeds of the District Note of each Series B Participant that reflects the Estimated June Deferral Amount for the related Participant will be sequestered into an Escrow Account in the name of each Participant within the Escrow Fund held by the Trustee. The amounts on deposit in the Escrow Fund will be invested by the Trustee in the investments described above under “Investment of Payment Accounts” item __ until the date (the “Release Date”) on which the June Deferral Amount is finalized (the “Final June Deferral Amount”).

Promptly following the Release Date, the Authority will provide the Trustee with instructions indicating the amount on deposit in each Escrow Account that may then be transferred to the name of the Participant for deposit in its County Treasury Pool (the “Released Escrow Amount”). The Released Escrow Amount shall be the Estimated June Deferral Amount then on deposit in the Escrow Account unless the Final June Deferral Amount for that Participant is less, and then, the Final June Deferral Amount for that Participant. If the Estimated June Deferral Amount is greater than the Final June Deferral Amount for a Participant, the difference between the two amounts shall be transferred by the Trustee to that Participant’s Payment Account as a credit towards the payment on its District Note.

Except as expressly provided in the Indenture, neither the Authority nor the Trustee shall have any obligation or liability to the Beneficial Owners of the Notes with respect to payment of principal or interest on the District Notes or the observance or performance by any Participant of any obligations or agreements or the exercise of any rights under the respective Participant Resolutions.

CERTAIN RISK FACTORS

The primary source of repayment of the Notes is the aggregate of all Funds Subject to Intercept, representing payments of principal and interest payable under the District Notes, to which each Participant has pledged its Deferral Amounts. However, pursuant to the Government Code, each District Note is a general obligation of the related Participant; accordingly, a Participant is liable on its District Note or Notes (even in the event that such District Note or Notes go into default) to the extent of its lawfully available revenues, in this case, revenues attributable to Fiscal Year 2020-21. If such lawfully available revenues are not sufficient to pay its District Note or Defaulted Note, as the case may be, such Participant is not obligated to pay such District Note or Defaulted Note from any other sources.

No Joint Obligation

The obligation of a Participant to make payments on its District Note or Notes is a several and not a joint obligation and is strictly limited to such Participant’s repayment obligation under the related Participant Resolution and its District Note or Notes.

Limitation on Remedy under Bankruptcy Code

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the Participants, there are no involuntary petitions in bankruptcy. If a Participant were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee and the Participants could be prohibited from taking certain steps to enforce their rights under the Indenture. On August 27, 2020, the State Legislature adopted SB 820 as emergency legislation, adding Section 17199.15 to the Education Code, which prohibits any Participant from declaring bankruptcy under Chapter 9, so long as that Participant has outstanding pooled obligations for working capital issued by or through the Authority, such as the District Notes.

PROPOSITION 98

General

In 1988, California voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual K-14 District funding. The constitutional provision links the K-14 District funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, changed some earlier school funding provisions

of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding “test” to calculate the annual funding guarantee. This third calculation is operative in years in which general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual COLA for the minimum guarantee would be the change in California’s per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIII B). See “STATE FINANCES – REVENUES, EXPENDITURES AND RESERVES— State Expenditures – K-14 Education under Proposition 98” in APPENDIX A – “THE STATE OF CALIFORNIA.” The State’s payment of the Deferral Amounts to the Participants as described herein enjoys the guarantee of payment established under Proposition 98.

Calculating Minimum Funding Guarantee

There are currently three tests that determine the minimum level of K-14 funding, which cannot be reduced, except in certain low revenue years. Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40 percent. Because of the major shifts of property tax from local government to community colleges and K-12 which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Since 1989, each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional services provided by the State of California) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is 1989-90. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount of Proposition 98 guarantee (K-14 aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. From 1992-93 to 2007-08 this statutory split was suspended.

Test 2 provides that K-14 Districts will receive as a minimum, their prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth (ADA or FTES) and per-capita personal income COLA.

A third formula, established pursuant to Proposition 111 as “Test 3,” provides an alternative calculation of the funding base in years in which State per-capita general fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of one percent of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years, K-14 Districts receive a maintenance allowance equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 98, Garamendi), further provides that K-14 LEAs shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

TAX MATTERS

Tax-Exempt Notes

In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Note Counsel, under existing statutes, regulations, rulings and judicial decisions and assuming compliance by the Authority and those Participants that have issued Tax-Exempt District Notes with certain covenants in the documents pertaining to the Tax-Exempt Notes and the Tax-Exempt District Notes, respectively, and requirements of the Code regarding the use, expenditure and investment of proceeds of the Tax-Exempt Notes and the timely payment of certain investment earnings to the United States, interest on the Tax-Exempt Notes is not included in the gross income of the owners of the Tax-Exempt Notes for federal income tax purposes. Failure by the Authority or any of the Participants that have issued Tax-Exempt District Notes to comply with such covenants and requirements may cause interest on the Tax-Exempt Notes to be included in gross income retroactive to their date of issuance.

In the further opinion of Note Counsel, interest on the Tax-Exempt Notes is not treated as an item of tax preference for purposes of the federal alternative minimum tax.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Note Counsel expresses no opinion with respect to any collateral tax consequences and, accordingly, prospective purchasers of the Tax-Exempt Notes should consult with their tax advisors as to the applicability of any collateral tax consequences.

Note Counsel's opinion is not a guarantee of result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and judicial decisions and the representations and covenants of the Authority and certain Participants described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Note Counsel, and Note Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of examining the tax-exempt status of the interest on municipal obligations. If an examination of the Tax-Exempt Notes is commenced, under current procedures, the IRS is likely to treat the Authority as the "taxpayer" and the owners of the Tax-Exempt Notes would have no right to participate in the examination process. In responding to or in defending an examination of the tax-exempt status of the interest on the Tax-Exempt Notes, the Authority may have different or conflicting interests from the owners. Additionally, public awareness of any future examination of the Tax-Exempt Notes could adversely affect the value and liquidity of the Tax-Exempt Notes during the pendency of the examination, regardless of its ultimate outcome.

Tax Accounting Treatment of Bond Premium on Tax-Exempt Notes. IRS Notice 94-84, 1994-2 C.B. 559, issued in 1994, stated that the IRS was studying whether the stated interest portion of the payment at maturity on a short-term debt obligation (such as the Tax-Exempt Notes) that matures not more than one year from its date of issuance, bears a fixed rate of interest and is described in Section 103(a) of the Code, is (i) "qualified stated interest" that is excluded from the "stated redemption price at maturity" of the obligation (within the meaning of Section 1273(a)(2) of the Code), but is excluded from gross income pursuant to Section 103(a) of the Code, or (ii) is not qualified stated interest and, therefore, is included by the taxpayer in the stated redemption price at maturity of the obligation, creating or increasing (as to that taxpayer) original issue discount on the obligation that is excluded from gross income pursuant to Section

103(a) of the Code. Notice 94-84 stated that until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, a taxpayer holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, the taxpayer must treat the amounts to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Notice 94-84 did not address various aspects necessary to the application of the latter method (including, for example, the treatment of a holder acquiring a Tax-Exempt Note other than in the original public offering or at a price other than the original offering price). Persons considering acquiring the Tax-Exempt Notes should consult with their tax advisors with respect to the tax consequences of the ownership of, and the election between the choices of treatment of, the stated interest payable at maturity on the Tax-Exempt Notes.

To the extent a purchaser acquires a Tax-Exempt Note at a price in excess of the amount payable at its maturity, and such purchaser has opted pursuant to Notice 94-84 (discussed above) to treat the stated interest payable on the Tax-Exempt Note as qualified stated interest, such excess will constitute “bond premium” under the Code. The Code and applicable Treasury Regulations provide generally that bond premium on a tax-exempt obligation is amortized over the remaining term of the obligation (or a shorter period in the case of certain callable obligations) based on the obligation’s yield to maturity (or a shorter period in the case of certain callable obligations). The amount of premium so amortized reduces the owner’s basis in such obligation for federal income tax purposes, though such amortized premium is not deductible for federal income tax purposes. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of the obligation. Note Counsel is not opining on the accounting for bond premium or the consequence to a purchaser of purchasing a Tax-Exempt Note with bond premium. Accordingly, persons considering the purchase of Tax-Exempt Notes with bond premium should consult with their own tax advisors with respect to the determination of bond premium on such Tax-Exempt Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of such Tax-Exempt Notes.

Information Reporting and Backup Withholding. Interest paid on the Tax-Exempt Notes will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the Tax-Exempt Notes to be subject to backup withholding if such interest is paid to Beneficial Owners who (a) are not “exempt recipients,” and (b) either fail to provide certain identifying information (such as the Beneficial Owner’s taxpayer identification number) in the required manner or have been identified to the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a Beneficial Owner are allowed as a refund or credit against such Beneficial Owner’s federal income tax liability so long as the required information is furnished to the IRS.

State Tax Exemption. In the further opinion of Note Counsel, interest on the Tax-Exempt Notes is exempt from personal income taxes imposed by the State of California.

Future Developments. Existing law may change to reduce or eliminate the benefit to owners of the Tax-Exempt Notes of the exclusion of the interest on the Tax-Exempt Notes from gross income for federal income tax purposes or of the exemption of interest on the Tax-Exempt Notes from State of California personal income taxation. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Tax-Exempt Notes. Prospective purchasers of the Tax-Exempt Notes should consult with their own tax advisors with respect to any proposed or future change in tax law.

Form of Proposed Opinion. The form of the proposed opinion of Note Counsel regarding the Tax-Exempt Notes is attached in APPENDIX B.

Taxable Notes

General. The issuance and delivery of the Taxable Notes is subject to delivery of the opinion of Note Counsel, based upon existing provisions of the laws of the State of California, that interest on the Taxable Notes is exempt from personal income taxes of the State of California.

The following is a general summary of the United States federal income tax consequences of the purchase and ownership of the Taxable Notes. This discussion is based upon laws, Treasury Regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly with retroactive effect) or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of United States federal income taxation that may be relevant to a particular investor in the Taxable Notes in light of the investor's particular personal investment circumstances or to certain types of investors subject to special treatment under United States federal income tax laws (including insurance companies, tax-exempt organizations, financial institutions, broker-dealers and persons who have hedged the risk of owning the Taxable Notes). This summary is therefore limited to certain issues relating to initial investors who will hold the Taxable Notes as "capital assets" within the meaning of Section 1221 of the Code, and who acquire such Taxable Notes for investment and not as a dealer or for resale. Except as specifically discussed below, the discussion below addresses the United States federal income tax consequences applicable only to Beneficial Owners of the Taxable Notes who are "United States persons," within the meaning of Section 7701(1)(30) of the Code ("United States persons") and does not address any consequence to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the IRS with respect to any of the United States federal income tax consequences discussed herein, and no assurance can be given that the IRS will not take contrary positions.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE TAXABLE NOTES.

Payments of Stated Interest on the Taxable Notes. Subject to the rules relating to "acquisition discount" discussed below, the stated interest paid on the Taxable Notes will be included in the gross income, as defined in Section 61 of the Code, of the Beneficial Owners thereof and will be subject to United States federal income taxation when received or accrued, depending on the tax accounting method applicable to the Beneficial Owners thereof.

Acquisition Discount. Special rules apply to certain government obligations, such as the Taxable Notes, that have a fixed maturity date not more than one year from their date of issuance ("short-term government obligations"). Beneficial Owners that report income for federal income tax purposes on an accrual method and certain other Beneficial Owners, including banks, regulated investment companies and dealers in securities, are required to include acquisition discount on short-term government obligations in income on a straight-line basis (based on the number of days in a taxable year in which the obligation is held), unless an election is made to accrue the acquisition discount according to a constant-yield method based on daily compounding. The amount of "acquisition discount" on a Taxable Note is equal to the excess of the stated redemption price at maturity of the Taxable Note over the Beneficial Owner's basis in the Taxable Note. The "stated redemption price at maturity" of a Taxable Note is equal to the sum of its principal amount plus all other payments scheduled to be made on the Taxable Note. A Beneficial Owner

subject to this reporting rule will increase such Beneficial Owner's basis in the Taxable Note by the amount of acquisition discount included in such Beneficial Owner's income with respect to the Taxable Note.

A Beneficial Owner that is not required to include acquisition discount in income currently (*e.g.*, an individual who is a cash-method taxpayer) may nonetheless elect to do so. In the case of such Beneficial Owner who does not elect to do so, any gain realized upon the sale or other disposition of the Taxable Note (including the redemption thereof at maturity) will be characterized as ordinary income to the extent of the Beneficial Owner's ratable share of the acquisition discount (accrued on a straight-line basis or, if elected, according to a constant-yield method based on daily compounding, through the date of sale or other disposition). In addition, Beneficial Owners that are not required, and do not elect, to include acquisition discount in income currently are required to defer deductions for any interest paid on indebtedness incurred or continued to purchase or carry a Taxable Note in an amount not exceeding the accrued acquisition discount with respect to the Taxable Note until the accrued acquisition discount is realized. Beneficial Owners are urged to consult their own tax advisors regarding the acquisition discount rules and their potential application to the Taxable Notes.

Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest (including acquisition discount), dividends, net gain from disposition of property not used in a trade or business and certain other listed items of gross income), or (ii) the excess of "modified adjusted gross income" of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Holders of the Taxable Notes should consult with their own tax advisors concerning this additional tax, as it may apply to interest (including acquisition discount) earned with respect to the taxable Notes as well as gain on the sale of a Taxable Note.

Disposition of Taxable Notes. A Beneficial Owner of Taxable Notes will generally recognize gain or loss on the redemption, sale or exchange of Taxable Notes equal to the difference between the redemption or sales price (exclusive of any amount paid for accrued interest) and the Beneficial Owner's adjusted basis in the Taxable Notes. Generally, the Beneficial Owner's adjusted basis in the Taxable Notes will be the Beneficial Owner's initial cost, increased by the acquisition discount previously included in the Beneficial Owner's income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be short-term, as the Taxable Notes will mature less than one year from their issue date.

Backup Withholding. Under Section 3406 of the Code, a Beneficial Owner of the Taxable Notes who is a United States person may, under certain circumstances, be subject to "backup withholding" on payments of current or accrued interest (including acquisition discount) on the Taxable Notes or with respect to proceeds received from a disposition of the Taxable Notes. This withholding applies if such Beneficial Owner of Taxable Notes (i) fails to furnish to the payor such Beneficial Owner's social security number or other taxpayer identification number ("TIN"); (ii) furnishes the payor an incorrect TIN; (iii) fails to properly report interest, dividends or other "reportable payments" as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such Beneficial Owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain Beneficial Owners of the Taxable Notes. Beneficial Owners of the Taxable Notes should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under Sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the rate of 30% on periodic income items arising from sources within the United States, provided such income is not “effectively connected” with the conduct of a United States trade or business, within the meaning of Section 864 of the Code. Assuming the interest (including acquisition discount) received by the Beneficial Owners of the Taxable Notes is not treated as effectively connected income, such interest (including acquisition discount) will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as “portfolio interest” within the meaning of Sections 871 and 881 of the Code. Interest (including acquisition discount) will be treated as portfolio interest under such sections if: (i) the Beneficial Owner provides a statement to the payor certifying under penalty of perjury that such Beneficial Owner is not a United States person and providing the name and address of such Beneficial Owner; (ii) such interest (including acquisition discount) is treated as not effectively connected with the Beneficial Owner’s United States trade or business; (iii) interest payments (including payments of acquisition discount) are not made to a person within a foreign country which the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Taxable Notes (including acquisition discount) is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such Beneficial Owner is not a controlled foreign corporation within the meaning of Section 957 of the Code; and (vi) such Beneficial Owner is not a bank receiving interest with respect to the Taxable Notes (including acquisition discount) pursuant to a loan agreement entered into in the ordinary course of the bank’s trade or business.

Assuming interest payments with respect to the Taxable Notes (including payments of acquisition discount) are treated as portfolio interest within the meaning of Sections 871 and 881 of the Code, then no backup withholding under Sections 1441 and 1442 of the Code and no backup withholding under Section 3406 of the Code is required with respect to Beneficial Owners or intermediaries who have furnished Form W-8BEN, Form W-8BEN-E, Form W-8EXP or Form W-8IMY, as applicable, provided the payor does not have actual knowledge or reason to know that such person is a United States person.

Foreign Account Tax Compliance Act. Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain United States persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act (“FATCA”) imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial United States owners or the entity furnishes identifying information regarding each substantial United States owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest (including acquisition discount) and principal under the Taxable Notes and sales proceeds of Taxable Notes held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including acquisition discount) and will apply to “foreign passthru payments” but no earlier than two years after the date of publication of final regulations defining the term “foreign passthru payment.” Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

Reporting of Interest Payments. Subject to certain exceptions, interest payments made to Beneficial Owners of the Taxable Notes (including acquisition discount) will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099-INT (or other appropriate reporting form), which will reflect the name, address and TIN of the Beneficial Owner. A copy of Form 1099 will be sent to each Beneficial Owner of a Taxable Note for U.S. federal income tax purposes.

Form of Proposed Opinion. The form of the proposed opinion of Note Counsel regarding the Taxable Notes is attached in APPENDIX B.

The preceding discussion of certain United States federal income tax consequences is for general information only and is not tax advice. Accordingly, each prospective investor should consult with its own tax advisor as to particular tax consequences to it of purchasing, owning and disposing of the Taxable Notes, including the applicability and effect of any state, local or foreign tax law and of any proposed change in applicable law.

CONTINUING DISCLOSURE

The State and the Authority will enter into a form of Continuing Disclosure Certificate with regard to their respective obligations to provide information concerning certain listed events under the Rule. See APPENDIX B – “CONTINUING DISCLOSURE CERTIFICATE.”

Individual Participants are not obligated to provide ongoing disclosure regarding material events with respect to their District Notes.

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Notes or to any decision to purchase hold or sell Notes and the Authority will not provide such information.

LITIGATION

There is no litigation now pending or threatened against the Authority (i) to restrain or enjoin the issuance of the Notes; (ii) questioning or affecting the validity of the Notes or the Indenture; or (iii) questioning or affecting the validity of any of the proceedings for the authorization, sale or issuance of the Notes.

RATINGS

The Notes have been assigned the rating of “_____” by S&P Global Ratings (“S&P”), and “_____” by Fitch Ratings, Inc. (“Fitch”). The ratings reflect only the views of such organizations, and none of the Authority nor any of the Participants makes any representation as to the appropriateness of the ratings. An explanation of the significance of such ratings may be obtained at the following addresses: S&P, 55 Water Street, New York, New York 10041, tel. (212) 208-8000, and Fitch, One State Street Plaza, New York, New York 10004, tel. (212) _____. Further, there is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely if, in the sole judgment of the applicable rating agency, circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse effect on the trading value and the market price of the Notes.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes and the District Notes will be subject to the final approving opinions of Norton Rose Fulbright US LLP, Los Angeles, California, Note Counsel, the proposed forms of which are attached hereto in Appendix C. Certain legal matters will be passed upon for the Authority by the Honorable _____, Attorney General of the State of California, and for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York. Nixon Peabody LLP, Los Angeles, California, is acting as Disclosure Counsel with respect to the Notes.

MUNICIPAL ADVISOR

Montague DeRose and Associates, LLC is employed as Municipal Advisor to the Authority and the Participants in connection with the issuance of the Notes. The Municipal Advisor's compensation for services rendered with respect to the sale of the Notes is contingent upon the issuance of the Notes. Montague DeRose and Associates, LLC, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Notes or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies. The Municipal Advisor has provided the following sentence for inclusion in this Official Statement: The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Authority and the Participants and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Notes are being purchased by the Underwriters. Pursuant to the Purchase Contract, dated _____, 2020, by and among the Authority, the Treasurer, as agent for sale on behalf of the Authority, and RBC Capital Markets, LLC, as representative of itself and Citigroup (the "Purchase Contract"), the Underwriters have agreed to purchase the Tax-Exempt Notes at a price of \$_____, which represents the aggregate principal amount of the Tax-Exempt Notes in the amount of \$_____, plus a premium in the amount of \$_____ and less an Underwriters' discount of \$_____; to purchase the Series A-2 Notes at a price of \$_____, which represents the aggregate principal amount of the Series A-2 Notes in the amount of \$_____, [plus a premium in the amount of \$_____] and less an Underwriters' discount of \$_____; and to purchase the Series B Notes at a price of \$_____, which represents the aggregate principal amount of the Series B Notes in the amount of \$ [plus a premium in the amount of \$_____] and less an Underwriters' discount of \$_____. The Purchase Contract provides that the Underwriters will purchase all of the Notes, if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by Underwriters' Counsel and certain other conditions.

The Underwriters may offer and sell the Notes to certain dealers and others at a price lower than the initial public offering price. The offering price may be changed from time to time by the Underwriters.

The Underwriters have provided letters to the Authority and the State Treasurer relating to their distribution practices or other affiliations for inclusion in this Official Statement, which are set forth in Appendix E. Neither the Authority nor the State Treasurer guarantees the accuracy or completeness of the information contained in such letters and the information therein is not to be construed as a representation of the Authority, the State Treasurer, or either Underwriter, other than the Underwriter providing such representation.

MISCELLANEOUS

Copies of the Indenture and the standard form of Participant Resolution referred to herein are available upon request during the initial offering period from the Authority at: California School Finance Authority, Room 101, 915 Capitol Mall, Sacramento, California 95814.

This Official Statement is not to be construed as a contract or agreement between the Participants and the purchasers or owners of any of the Notes. This Official Statement speaks only as of its date, and

the information contained herein is subject to change. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the State since the date hereof. The delivery of this Official Statement has been duly authorized by the Authority.

APPENDIX A
THE STATE OF CALIFORNIA

APPENDIX B

PROPOSED FORM OF NOTE COUNSEL OPINION

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered as of March __, 2021, by the Treasurer of the State of California (the “State Treasurer”) and the California School Finance Authority, a public instrumentality of the State of California (the “Authority”) in connection with the issuance of \$_____ aggregate principal amount of State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-1 (Tax-Exempt), \$_____ aggregate principal amount of State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series A-2 (Federally Taxable) and \$_____ aggregate principal amount of State Aid Intercept Notes (Fiscal Year 2020-21 School and Community College District Deferrals), 2021 Series B (Federally Taxable) (collectively, the “Notes”) issued by the California School Finance Authority (the “Authority”), a public instrumentality of the State of California (the “State”), and described in the Official Statement (defined below). The Notes of different series and tranches are being issued pursuant to separate Indentures, each dated as of March 1, 2021 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as Trustee (the “Trustee”). In connection with the offering and sale of the Notes, the State Treasurer, on behalf of the State, covenants and agrees as follows:

Section 1. Nature of the Disclosure Certificate. This Disclosure Certificate is executed and delivered for the benefit of the Holders and Beneficial Owners (as defined below) of the Notes from time to time, and in order to assist the Participating Underwriters (as defined below) in complying with the Rule (as defined below), but shall not be deemed to create any monetary liability on the part of the State or the State Treasurer to any other persons, including Holders or Beneficial Owners of the Notes based on the Rule. The sole remedy in the event of any failure of the State Treasurer to comply with this Disclosure Certificate shall be an action to compel performance of any act required hereunder.

Section 2. Definitions. In addition to the definitions set forth in the applicable Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Beneficial Owner” shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Notes (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean the State Treasurer, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the State Treasurer and which has filed with the State Treasurer a written acceptance of such designation.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Holder” shall mean any person listed on the registration books of the State Treasurer as the registered owner of any Notes.

“Listed Event” shall mean any of the events listed in Section 3(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports or notices pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” shall mean the official statement relating to the Notes, dated March __, 2021.

“Participating Underwriter” shall mean any of the underwriters of the Notes required to comply with the Rule in connection with the offering of the Notes.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the Securities and Exchange Commission.

Section 3. Reporting of Significant Events.

(a) The Authority shall give, or cause to be given, to the Dissemination Agent notice of the occurrence of any of the following events with respect to the Notes in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) affecting the Tax-Exempt Notes;
6. Tender offers;
7. Defeasances;
8. Rating changes; or
9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the

existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The Authority shall give, or cause to be given, to the Dissemination Agent notice of the occurrence of any of the following events with respect to the Notes, if material, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph (a)(5) above, other notices or determinations by the Internal Revenue Service with respect to the tax status of the Tax-Exempt Notes or other events affecting the tax status of the Notes;
2. Modifications to rights of Noteholders;
3. Optional, unscheduled or contingent Note calls;
4. Release, substitution, or sale of property securing repayment of the Notes;
5. Non-payment related defaults;
6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
7. Appointment of a successor or additional Trustee or the change of name of a Trustee.

(c) The State Treasurer shall give, or cause to be given, to the Dissemination Agent notice in a timely manner not later than ten business days after: (i) the occurrence of a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the State, any of which reflect financial difficulties; and (ii) the incurrence, if material, of a Financial Obligation of the State, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the State, any of which affect Holders.

(d) The State Treasurer and the Authority note that Sections 3(a)(2), (3) and (4) and 3(b)(3) and (4) are not applicable to the Notes; in addition, Section 3(a)(5) and (b)(1) are not applicable to the Taxable Notes.

(e) Any notice required to be given pursuant to subsection (a) or (b) above shall be filed with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 4. Termination of Reporting Obligation. The State's obligations under Section 3 of this Disclosure Certificate shall terminate with respect to any Notes upon the maturity or legal defeasance of such Notes.

Section 5. Dissemination Agent. The State Treasurer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out the obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the State Treasurer pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the State Treasurer shall be the Dissemination Agent. The initial Dissemination Agent shall be the State Treasurer.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the State Treasurer and the Authority may amend any provision of this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a)(5), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of 60 percent of the Notes outstanding or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Notes. The State also may amend this Disclosure Certificate without approval by the Holders to the extent permitted by rule, order or other official pronouncement of the SEC.

Section 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the State Treasurer or the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the State Treasurer or the Authority chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the State Treasurer or the Authority, as appropriate, shall not have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 8. Default. In the event of a failure of the State, the State Treasurer or the Authority to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the State, the State Treasurer or the Authority to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the State, the State Treasurer or the Authority to comply with this Disclosure Certificate shall be an action to compel performance.

Section 9. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity (except the right of the Dissemination Agent or any Holder or Beneficial Owner to enforce the provisions of this Disclosure Certificate on behalf of the Holders). This Disclosure Certificate is not intended to create any monetary rights on behalf of any person based upon the Rule.

Section 10. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the State Treasurer or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof, and the Holders of the Notes shall retain all the benefits afforded to them hereunder. The State Treasurer and the Authority hereby declare that they would have executed and delivered this Disclosure Certificate and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 11. Governing Law. The laws of the State shall govern this Disclosure Certificate, the interpretation thereof and any right or liability arising hereunder. Any action or proceeding to enforce or interpret any provision of this Disclosure Certificate shall be brought, commenced or prosecuted in any courts of the State located in Sacramento County, California.

IN WITNESS WHEREOF, the State Treasurer and the Authority have executed this Disclosure Certificate as of the date first above written.

STATE TREASURER OF THE STATE OF
CALIFORNIA

By: _____
Deputy Treasurer
For California State Treasurer Fiona Ma

CALIFORNIA SCHOOL FINANCE AUTHORITY

By: _____
Executive Director

APPENDIX D
SUMMARY OF THE INDENTURE

APPENDIX E
CERTAIN DISTRIBUTION ARRANGEMENTS