

MEMORANDUM

Date: February 25, 2021

Staff Summary No. 6

To: Members, California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Re: Resolution 21 – 04 – Authorizing the Issuance of one or more series of Revenue Notes in an aggregate amount not to exceed \$200,000,000 to Finance Working Capital for California Charter Schools 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 all local educational agencies, including California charter schools, to be paid in Fiscal Years 2020-21 to 2021-22. In response, the Charter School Advances on State Aid Payments (ASAP) Program was created to provide charter schools with a streamlined, secure and simple process that minimizes the impact of the deferrals on their operations by creating a new financing 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 in the table below that warrants for the principal apportionments denoted as the Deferral Month shall instead be drawn in the Deferral Amounts and paid in the Deferral Payment Months.

The following table shows Deferrals for K-12 School Districts, including charter schools, 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

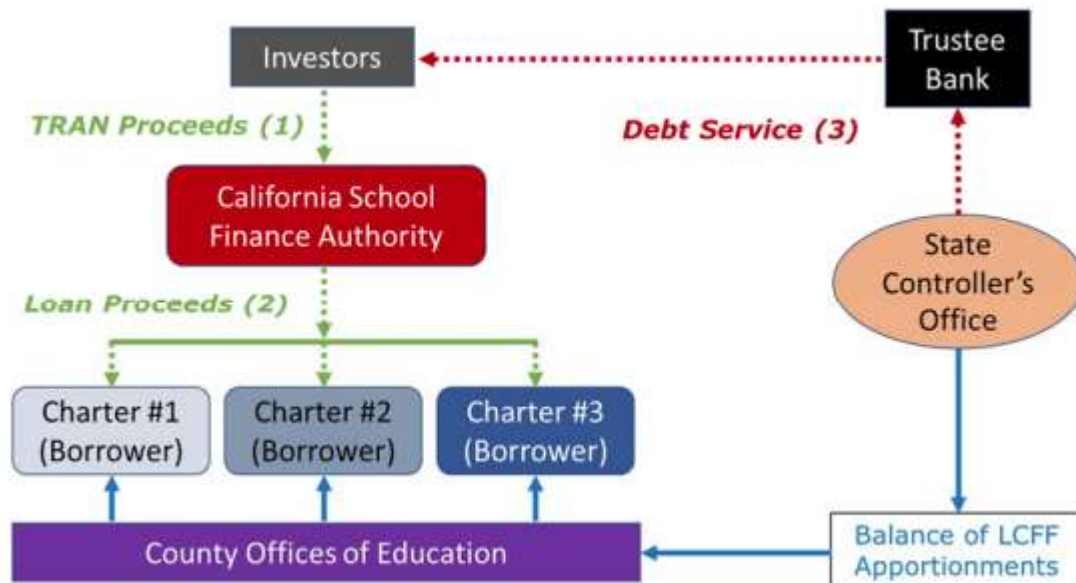
The California School Finance Authority (Authority) will issue the Notes that will provide charter schools with a cost-effective way to preserve operations by issuing cross-fiscal year notes repaid from the direct remittance to the Note trustee of state apportionments that have been intercepted (the Deferral Amounts) in the amounts specified in the intercept notices.

¹ Estimate based on prior year

II. Plan of Finance and Financial Structure

The financing structure will make use of CSFA’s authority to issue revenue anticipation notes (RANs) to investors and make loans to charter schools for working capital purposes.

- As security for the RANs, each nonprofit organization operating one or more charter schools will enter into a Loan Agreement with the Authority at closing in exchange for the proceeds of the RANs.
- The Authority will direct the Note Trustee to collect on all Loans through payment in full of the RANs on the Maturity Date.
- The RANs will be limited obligations of the Authority payable only from (i) all monies received by the Note Trustee as loan repayments under the RANs, which monies will be intercepted by the State Controller under the terms of a Memorandum of Understanding and paid directly to the Note Trustee for credit for each charter school; 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 charter schools in the Deferral Amounts and transfer those payments directly to the Note Trustee to pay set-asides and/or debt service due on the RANs. The amounts intercepted shall be equal to the obligations incurred by the charter schools, plus interest.



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 FY 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 a Proposition 98 Guarantee. No additional action by the Legislature or the Governor is required to cause these payments to be made.
- On 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) transaction, at which point the funds will be available exclusively for the Note holders as described in the Note Documents.

IV. Credit Enhancement/Letters of Credit

The Authority will deposit, at Closing, an amount equal to \$10 million (the Grant-Funded Reserve Fund Deposit) into a Reserve Account (the Reserve Account) established under the Indenture. The Grant-Funded Reserve Fund Deposit represents a portion of the grant received by the Authority (the DOE Grant) from the United States Department of Education (the DOE), provided for the purpose of enhancing the credit of obligations of charter schools to provide facilities for enrolled students. Pursuant to a waiver request by the Authority, the DOE approved the use of a portion of the DOE Grant equal to the Grant-Funded Reserve Fund Deposit to be used as a reserve for the Borrowers who will use their Loan Amounts (as defined below) for facilities expenses, *i.e.*, Borrowers whose Loan Agreements are funded with the proceeds of the Series A Notes (the Series A Borrowers). The Grant-Funded Reserve Fund Deposit secures the Loan Repayments of only the Series A Borrowers. The Authority will also deposit, at Closing, an estimated \$9.5 million (the Credit Enhancement Fee Deposit) into a Credit Enhancement Fee Fund established under the Indenture, representing contributions from each of the Borrowers from the net proceeds of sale of the respective series of Notes.

The Authority will enter into separate Reimbursement Agreements for each sub-series of Notes (each, a Reimbursement Agreement) with each of Citibank (Citibank), and Royal Bank of Canada (RBC) under which Citibank and RBC, respectively, have agreed to issue their irrevocable direct-pay letters of credit to secure the Notes (the Letters of Credit). The Citibank Letters of Credit will be issued in amounts equal to the principal and interest due on the Series A-1 Notes and Series B-1 Notes. The RBC Letters of Credit will be issued in amounts equal to the principal and interest due on the Series A-2 Notes and Series B-2 Notes.

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

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

Sources and Uses

- **A Sources and Use table will be provided under separat cover**
- **A Cost of Items table will be provided unders separate cover**

VI. Financing Team

The following firms have been engaged to serve on the ASAP Program Notes financing:

1. Municipal Advisor: Montague DeRose and Associates, LLC
2. Joint Senior Managing Underwriters: RBC Capital Markets, LLC and Citigroup Global Markets Inc.
3. Note Counsel: Orrick, Herrington, and Sutcliffe LLP
4. Disclosure Counsel: Nixon Peabody LLP
5. Trustee / Paying Agent: US Bank Global Corporate Trust Services

VII. Ratings

Moody's Investors Service (Moody's) is expected to assign P-1 ratings to the Notes based on the Letters of Credit Banks' (Citibank and RBC) short-term credit ratings.

VIII. Legal Documents for Approval

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

- a) Indenture relating to the Notes (the Indenture), by and between the Authority and U.S. Bank National Association, as trustee (the Trustee);
- b) Loan Agreements relating to the Notes (the Loan Agreements), each between the Authority and a Borrower;
- c) Note Purchase Agreement relating to the Notes (the Note Purchase Agreement), among the Authority, the Treasurer, as agent for sale on behalf of the Authority, and RBC Capital Markets, LLC, as representative (the Representative), on behalf of itself and Citigroup Global Markets Inc. (together, the Underwriters);
- d) Reimbursement Agreements relating to the Notes (the Reimbursement Agreements), each between the Authority and a Letter of Credit Bank;
- e) Memorandum of Understanding relating to the Notes (the MOU) by and among the California State Controller's Office, the California Department of Education, and the Authority; and
- f) Preliminary Official Statement relating to the Notes (the Preliminary Official Statement).

IX. Staff Recommendation

Staff recommends approval of Resolution 21-04, authorizing the issuance of one or more series of Revenue Notes in an amount not to exceed \$200,000,000 to finance working capital for California Charter Schools listed in Attachment A.

ATTACHMENT A

List of legal borrowers and charter schools that are being recommended for approval, as known to the Authority as of February 10, 2021.

#	Legal Borrower	Charter School	County	Not To Exceed Amount
1.	Agape	W.E.B. DuBois Public Charter	Fresno	\$2,300,000
2.		Carter G. Woodson Public Charter	Fresno	
3.	Architecture, Construction & Engineering Charter High School	Architecture, Construction & Engineering Charter High School	Ventura	\$450,000
4.	ASA Charter Inc.	ASA Charter	San Bernardino	\$825,000
5.	Audeo Charter School	Audeo Charter School III	San Diego	\$4,000,000
6.		Audeo Charter School II	San Diego	
7.		Grossmont Secondary School	San Diego	
8.		Sweetwater Secondary School	San Diego	
9.	Calaveras County Office of Education	Mountain Oaks	Calaveras	\$850,000
10.	Caliber Public Schools	Caliber: Beta Academy	Contra Costa	\$4,000,000
11.		Caliber: ChangeMakers Academy	Solano	
12.	California Virtual Academy at San Joaquin	California Virtual Academy at San Joaquin	San Joaquin	\$4,100,000
13.	California Virtual Academy at San Diego	California Virtual Academy at San Diego	San Diego	\$6,050,000
14.	California Virtual Academy at Sutter	California Virtual Academy at Sutter	Sutter	\$3,500,000
15.	California Virtual Academy at Fresno	California Virtual Academy at Fresno	Fresno	\$2,000,000
16.	California Virtual Academy at Maricopa	California Virtual Academy at Maricopa	Kern	\$1,750,000
17.	California Virtual Academy at Sonoma	California Virtual Academy at Sonoma	Sonoma	\$1,300,000
18.	California Virtual Academy at San Mateo	California Virtual Academy at San Mateo	San Mateo	\$2,100,000
19.	California Virtual Academy at Los Angeles	California Virtual Academy at Los Angeles	Los Angeles	\$8,750,000
20.	CORE Butte, Inc.	CORE Butte Charter School	Butte	\$2,300,000
21.	Education for Change	Achieve Academy	Alameda	\$6,100,000
22.		ASCEND	Alameda	
23.		Learning Without Limits	Alameda	
24.		Cox Academy	Alameda	
25.		Lazear Charter Academy	Alameda	
26.		Latitude 37.8 High School	Alameda	
27.	Element Education, Inc.	Dimensions Collaborative School	San Diego	\$3,750,000
28.		Community Montessori	San Diego	

#	Legal Borrower	Charter School	County	Not To Exceed Amount
29.	Empower Generations	Empower Generations	Los Angeles	\$400,000
30.	Farmworker Institute of Education and Leadership Development	EPIC de Cesar Chavez	Kern	\$2,100,000
31.	Granada Hills Charter	Granada Hills Charter	Los Angeles	\$9,500,000
32.	Harvest Ridge Cooperative Charter School	Harvest Ridge Cooperative Charter School	Placer	\$400,000
33.	Hemet USD	Western Center Academy	Riverside	\$2,500,000
34.	iLEAD California Charters 1	iLEAD Hybrid	Los Angeles	\$10,750,000
35.	iLEAD Agua Dulce	iLEAD Agua Dulce	Los Angeles	\$650,000
36.	iLEAD Charter Schools	iLEAD Lancaster	Los Angeles	\$1,650,000
37.	Imagine Schools Riverside County	Imagine Schools Riverside County	Riverside	\$3,300,000
38.	Insight at San Diego	Insight at San Diego	San Diego	\$750,000
39.	Insight San Joaquin	Insight at San Joaquin	San Joaquin	\$1,250,000
40.	Insight School of California	Insight School of California	Kern	\$1,250,000
41.	iQ Academy California - Los Angeles	iQ Academy California - Los Angeles	Los Angeles	\$1,600,000
42.	Kepler Education Inc	Kepler Neighborhood School	Fresno	\$1,250,000
43.	LA Promise Fund	LA's Promise Charter Middle School #1	Los Angeles	\$1,100,000
44.		LA's Promise Charter High School #1	Los Angeles	
45.	Laurel Tree Charter School	Laurel Tree Charter School	Humboldt	\$250,000
46.	Learning for Life Charter School	Learning for Life Charter School	Monterey	\$250,000
47.	Manzanita Public Charter Inc.	Manzanita Public Charter School	Santa Barbara	\$800,000
48.	Mirus Education	Mirus Secondary	San Bernardino	\$1,050,000
49.	Northern United Charter Schools	Northern United Siskiyou Charter School	Siskiyou	\$1,850,000
50.		Northern United Humboldt Charter School	Humboldt	
51.	NSSF	The New School of San Francisco	San Francisco	\$850,000
52.	OFL-Baldwin Park, Inc.	Opportunities for Learning - Baldwin Park	Los Angeles	\$14,000,000
53.	Options for Youth - Duarte, Inc	Options for Youth - Duarte, Inc	Los Angeles	\$4,100,000
54.	Options for Youth - San Bernardino, Inc.	Options for Youth - San Bernardino	San Bernardino	\$3,700,000
55.	Options for Youth - San Gabriel, Inc.	Options for Youth San Gabriel	Los Angeles	\$2,000,000
56.	Pacific View Charter School	Pacific View Charter School	San Diego	\$1,275,000
57.	Partnership Schools of the Central Coast	Family Partnership Charter School	Santa Barbara	\$900,000
58.	Rex and Margaret Fortune School of Education	Fortune School	Sacramento	\$9,400,000
59.		Hardy Brown College Prep	San Bernardino	
60.	Rising Sun Montessori School	Rising Sun Montessori School	El Dorado	\$325,000
61.	River Valley Charter School	River Valley Charter School	San Diego	\$250,000

#	Legal Borrower	Charter School	County	Not To Exceed Amount
62.	Santa Clarita Valley International School	Santa Clarita Valley International Charter School (SCVi)	Los Angeles	\$1,550,000
63.	Savant Preparatory Academy, Inc.	Savant Preparatory Academy of Business	San Bernardino	\$500,000
64.	Scholarship Prep	Scholarship Prep - South Bay	Los Angeles	\$3,250,000
65.		Scholarship Prep - Oceanside	San Diego	
66.		Scholarship Prep [Santa Ana]	Orange	
67.	Sparrow Academy	Sparrow Academy	San Diego	\$525,000
68.	Student Success Programs	Audeo Charter	San Diego	\$3,250,000
69.		Charter School of San Diego	San Diego	
70.	Temecula International Academy, Inc.	Temecula International Academy	Riverside	\$400,000
71.	Unity Middle College High School	Unity Middle College High	Orange	\$150,000
72.	Vista Charter Public Schools	Vista Condor Global Academy	Orange	\$2,025,000
73.		Vista Charter Middle School	Los Angeles	
74.		Vista Heritage Global Academy	Orange	
75.	Vista Oaks Charter School	Vista Oaks Charter School	Contra Costa	\$2,000,000
76.	Voices College-Bound Language Academies	Voices College-Bound Language Academy at Morgan Hill	Santa Clara	\$3,000,000
77.		Voices College-Bound Language Academy at Mt. Pleasant	Santa Clara	
78.		Voices College-Bound Language Academy at San Jose	Santa Clara	
79.		Voices College-Bound Language Academy at Stockton	San Joaquin	
80.		Voices College-Bound Language Academy at West Contra Costa	Contra Costa	
81.	Volunteers of America Community Education and Development Corp.	Ballington Academy for the Arts and Sciences, San Bernardino	San Bernardino	\$1,750,000
82.		Ballington Academy for the Arts and Sciences El Centro	Imperial	
		Total		\$151,975,000

INDENTURE

between

CALIFORNIA SCHOOL FINANCE AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION

Dated as of March 1, 2021

Relating to:

**CALIFORNIA SCHOOL FINANCE AUTHORITY
REVENUE NOTES
(ASAP PROGRAM)
SERIES 2021
(FEDERALLY TAXABLE)**

including

**\$ _____
SERIES 2021A-1**

**\$ _____
SERIES 2021A-2**

**\$ _____
SERIES 2021B-1**

**\$ _____
SERIES 2021B-2**

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THIS INDENTURE, made and entered into as of March 1, 2021, by and between the **CALIFORNIA SCHOOL FINANCE AUTHORITY**, a public instrumentality of the State of California (as hereinafter in Section 1.01 further defined, the “Authority”), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association, being qualified to accept and administer the trusts hereby created (as hereinafter in Section 1.01 further defined, the “Trustee”).

WITNESSETH:

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) (as hereinafter in Section 1.01 further defined, the “Act”) and is authorized to issue bonds, notes, and other evidences of indebtedness, and loan the proceeds thereof for purposes of financing the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of educational facilities (as defined in the Act) and/or for purposes of paying working capital for a participating party (as defined in the Act), including an entity that undertakes the financing or refinancing of a project (as defined in the Act) pursuant to the Act in conjunction with schools (“charter schools”) established pursuant to the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the Education Code) (the “Charter School Law”);

WHEREAS, each Borrower, which is listed in Exhibit D hereto, each, a California nonprofit public benefit corporation [or a limited liability company whose sole member is a California nonprofit public benefit corporation] (each, a “Borrower” and collectively, the “Borrowers”), has applied for a loan of proceeds of revenue notes of the Authority to finance working capital for certain of its affiliated charter schools through the Authority’s ASAP Program (the “Program”);

WHEREAS, the working capital financing will benefit each Borrower, each being the operator of one or more charter schools established pursuant to the Charter School Law and each of which is a California nonprofit public benefit corporation and each of which is described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”);

WHEREAS, the Authority has entered into a loan agreement with each of the Borrowers (each, a “Loan Agreement,” and collectively, the “Loan Agreements”), of even date herewith, specifying the terms and conditions of a loan by the Authority to each Borrower to finance its working capital needs, the loan repayments under which (the “Loan Repayments”) will be pledged to the payment of debt service on the series or tranche of Notes funding the related Loan Agreement; and

WHEREAS, Section 17199.4 of the Act specifies that any participating party in connection with securing financing of working capital pursuant to the Act may elect (each, an “Intercept”) to fund repayments of the Notes and various other payments and amounts in connection with the Notes; 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 Intercept

to the Controller (each, an “Intercept Notice”), which Intercept Notice shall include, among other things, the participating party’s name, contact information and payment delivery instructions for the payee of the Loan Repayments and a schedule of the Loan Repayments subject to the Intercept (collectively, the “Repayment Amounts”); and

WHEREAS, the California Department of Education (the “CDE”) has responsibility under law to determine the principal apportionments due to each public charter school (each, a “Charter School”) under the laws of the State during each fiscal year; and

WHEREAS, the Authority has authorized the issuance of its California School Finance Authority Revenue Notes (ASAP Program), Series 2021 (Federally Taxable) including Series 2021A-1, Series 2021A-2, Series 2021B-1, and Series 2021B-2 (together the “Notes” and each, a “Series of Notes”), in the aggregate principal amount specified in Section 2.01 of this Indenture, to fund the loan to each of the Borrowers under each Loan Agreement, the proceeds of which will be applied to (i) finance working capital for the Borrowers, (ii) finance capitalized interest on the Notes, (iii) fund a credit enhancement fee for the Borrowers, and (iv) pay certain expenses incurred in connection with the issuance of the Notes; and

WHEREAS, the Series 2021A-1 Notes and the Series 2021A-2 Notes have the benefit of the Grant Funded Reserve Account (as defined herein) as a debt service reserve available to the Borrowers whose Loan Agreements secure the payment of such Notes, and all of the Notes have the benefit of certain credit enhancement fees deposited to the Credit Enhancement Fee Fund, each intended to enhance the liquidity of such respective Series of Notes;

WHEREAS, to further enhance the liquidity and marketability of the Notes, the Series 2021A-1 Notes have the benefit of the Series A-1 Letter of Credit issued by Citibank, N.A. and Series 2021A-2 Notes have the benefit of the Series A-2 Letter of Credit issued by Royal Bank of Canada, each supporting the principal of and interest on the related Series of Notes, and the Series 2021B-1 Notes have the benefit of the Series B-1 Letter of Credit issued by Citibank, N.A. and Series 2021B-2 Notes have the benefit of the Series B-2 Letter of Credit issued by Royal Bank of Canada, each supporting the principal of and interest on the related Series of Notes, and each Letter of Credit has been issued by the respective bank (each a “Bank” and, together, the “Banks”) pursuant to the respective Reimbursement Agreements (as defined herein), each dated as of March 1, 2021, and each by and between the Authority and the respective Bank; and

WHEREAS, in connection with the issuance of the Notes, the Authority has entered into a Memorandum of Understanding, dated as of _____, 2021 (the “MOU”), by and among the Authority, the Office of the California State Controller (the “Controller”), and the CDE; and

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

WHEREAS, the Notes, the certificate of authentication and registration to be executed thereon and the form of assignment to appear thereon are to be in substantially the form

set forth in Exhibit A hereto and made a part hereof with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture;

WHEREAS, in order to secure the payment of the principal of and interest on the Notes when due, the Authority has entered into each of the Reimbursement Agreements with the Banks in order to cause the Banks to issue the Letters of Credit in favor of the Trustee and for the account of the Authority; and

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make the Notes, when executed by the Authority, authenticated and delivered by the Trustee and duly issued, the valid, binding, and legal limited obligations of the Authority, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that in order further to secure the payment of the principal of and interest on, all Notes at any time issued and Outstanding under this 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 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 Notes by the Holders thereof, and in consideration of the issuance of each of the Letters of Credit by the Banks and for other valuable consideration, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, for the equal and proportionate benefit of the Holders from time to time of the Notes and the Banks, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of this Indenture and of any indenture supplemental hereto, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

“Act” means 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, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Additional Payments” shall have the meaning given such term in Section 3.02(d) of each Loan Agreement.

“Administrative Fees and Expenses” means any application, commitment, financing or similar fee charged, or reimbursement for administrative or other expenses incurred, by the Authority or the Trustee in connection with the Notes, including Additional Payments.

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

“**Authorized Borrower Representative**” means the such person as may be designated by the governing board of a Borrower as an authorized signatory of such Borrower, by written certificate furnished to the Authority and the Trustee. Such certificate shall contain the specimen signature of such person, shall be signed on behalf of a Borrower by any officer of a Borrower and may designate an alternate or alternates.

“**Authorized Denominations**” means \$5,000 and any integral multiple of \$5,000 in excess thereof.

“**Authorized Signatory**” means any member of the Authority and any other person as may be designated and authorized to sign for the Authority pursuant to a resolution adopted thereby.

“**Banks**” means, collectively, the Series 1 Bank and the Series 2 Bank.

“**Beneficial Owner**” means, when used with reference to the book entry only system, the person who is considered the beneficial owner of the Notes and, with respect to the Notes pursuant to the arrangements for book entry determination of ownership applicable to the Depository.

“**Borrower**” means each individually, and “**Borrowers**” means, collectively, the California nonprofit public benefit corporations listed in Exhibit D hereto.

“**Borrower’s Proportionate Share**” means that *pro rata* percentage equal to the principal amount of the Borrower’s Loan as a percentage of the aggregate principal amount of the related Series of Notes.

“**Business Day**” means any day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banking institutions in the State of California or New York, New York or in any state where the Office of the Trustee, or the office of the Banks at which drafts are required to be presented under the Letters of Credit, is/are located are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

“**CDE**” means the California Department of Education, an agency of the State of California.

“**Certificate of the Authority**,” “**Consent of the Authority**,” “**Order of the Authority**,” “**Request of the Authority**,” or “**Requisition of the Authority**” mean, respectively, a written certificate, consent, order, request or requisition of the Authority signed by or on behalf of the Authority by an Authorized Signatory authorized by the Authority to execute such a document on its behalf.

“**Certificate of a Borrower**,” “**Consent of a Borrower**,” “**Request of a Borrower**,” “**Request of the Borrowers**,” “**Requisition of a Borrower**,” or “**Statement of a Borrower**” mean,

respectively, a written certificate, request, requisition or statement of a Borrower executed on its behalf by an Authorized Borrower Representative.

“Charter School Law” means the Charter Schools Act of 1992, constituting Part 26.8, commencing with Section 47600 of Division 4 of Title 2 of the Education Code of the State, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Closing Date” shall mean March 30, 2021, the date of original issuance and delivery of the Notes.

“Code” means the Internal Revenue Code of 1986, or any successor code or law, and any regulations in effect or promulgated thereunder.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate [executed and delivered by the State Treasurer’s Office and the Authority, dated _____ 2021], as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Controller” means the Controller of the State or any other official of the State charged with the disbursement of State funds to State public schools.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority or any of the Borrowers and related to the original authorization, execution, sale and delivery of the Notes, including but not limited to costs of preparation and reproduction of documents, fees and expenses of the Authority, the State Treasurer’s Office, initial fees, expenses and charges of the Trustee and its counsel, initial fees, expenses and charges of the Banks and their counsel, the Trustee, legal fees and charges of note counsel, special counsel, disclosure counsel and Trustee’s counsel, underwriters’ fees and expenses, rating agency fees and any other costs, charges or fees in connection with the original delivery of the Notes.

“Costs of Issuance Fund” means the fund by that name established pursuant to Section 5.08 hereof.

“Credit Enhancement Fee Fund” means the fund by that name established pursuant to Section 5.06 hereof.

“Deferral Amounts” means, as to each Borrower and its charter schools participating in the Program, the total funds deferred by the State from apportionments originally due to such Borrower during the Deferral Months identified in the Intercept Schedule, subject to change as provided in the MOU and Intercept Notices.

“Deferral Months” means the months of February through and including June 2021 to certain dates in July through and including November 2021, subject to change as provided in the MOU and Intercept Schedule.

“Depository” means The Depository Trust Company and its successors and assigns, or any other depository selected as set forth in Section 2.10 hereof which agrees to follow the procedures required to be followed by such depository in connection with the Notes.

“**DOE**” means the United States Department of Education, a department of the United States government.

“**Education Code**” means the Education Code of the State of California.

“**EFT Form**” means the Electronic Funds Transfer form contemplated to be delivered by each Borrower, together with each Intercept Notice, as provided in the MOU.

“**Electronic Notice**” means notice through telecopy, telegraph, telex, facsimile, transmission, internet, e-mail or other electronic means of communication, capable of making a written record.

“**Eligible Securities**” means any of the following obligations as and to the extent that such obligations are at the time legal investments under the Act for moneys held hereunder and then proposed to be invested therein (provided that the Trustee shall be entitled to rely upon any Request of a Borrower as conclusive certification to the Trustee that the investments described therein are so authorized under the laws of the State of California) and shall be the sole investments in which amounts on deposit in any fund or account created hereunder shall be invested:

(1) direct obligations of the United States of America (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 any Federal Reserve Bank and CATS and TIGRS) or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America;

(2) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies, provided that such obligations are backed by the full faith and credit of the United States of America (stripped securities shall constitute Eligible Securities only if they have been stripped by the agency itself); U.S. Export-Import Bank, Farmers Home Administration, Federal Financing Bank, General Services Administration, U.S. Maritime Administration, U.S. Department of Housing and Urban Development, Government National Mortgage Association, and Federal Housing Administration;

(3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities shall constitute Eligible Securities only if they have been stripped by the agency itself): Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (“FHLMC”), Federal National Mortgage Association (“FNMA”), Student Loan Marketing Association, Resolution Funding Corporation or Farm Credit System;

(4) bonds or notes issued by any state or municipality which are rated by S&P, Fitch and Moody’s in one of the three highest rating categories assigned by such agencies;

(5) repurchase agreements with either a primary dealer on the reporting dealer list of the Federal Reserve or any bank, which, in either case, is rated “A” or better by S&P and Moody’s, provided that (a) the term of such repurchase agreement is not greater than thirty days, (b) the Trustee or third party acting solely as agent for the Trustee has

possession of the collateral, (c) the collateral is valued weekly and the market value of the collateral is maintained at an amount equal to at least 104% (or, if the collateral consists of obligations of FHLMC or FNMA, 105%) of the amount of cash transferred by the Trustee to the dealer bank or securities firm under the repurchase agreement plus interest, (d) failure to maintain the requisite collateral levels will require the Trustee to liquidate the collateral immediately, (e) the repurchase securities are either obligations of, or fully guaranteed as to principal and interest by, the United States or any federal agency backed by the full faith and credit of the United States; (f) the repurchase securities are free and clear of any third-party lien or claim; and (g) there shall have been delivered to the Trustee, the Authority, and the Borrowers an Opinion of Counsel to the effect that such repurchase agreement meets all guidelines under State law for legal investment of public funds;

(6) investment agreements, including guaranteed investment contracts (“GICs”) with providers in one of the two highest rating categories of Moody’s and S&P;

(7) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of “AAAm-G,” “AAA-m,” or “AA-m” and if rated by Moody’s rated “Aaa,” “Aa1” or “Aa2,” including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(8) certificates of deposit secured at all times by collateral described in (1) and/or (2) above, issued by commercial banks, savings and loan associations or mutual savings banks relating to collateral held by a third party, and in which collateral the Trustee on behalf of the Noteholders has a perfected first security interest;

(9) certificates of deposit, savings accounts, deposit accounts or money market deposits that are fully insured by FDIC, including BIF and SAIF;

(10) commercial paper rated, at the time of purchase, “Prime-1” by Moody’s and “A-1” or better by S&P;

(11) federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of “Prime-1” or “A-3” or better by Moody’s and “A-1” or “A” or better by S&P;

(12) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State as it may be amended;

(13) the State of California’s Pooled Money Investment Account; and

(14) obligations of a bank or other financial institution rated at least “Aa3” by Moody’s or “AA-” by S&P.

“**Escrow Account**” means the account by that name in the Working Capital Fund established pursuant to Section 5.07 hereof.

“**Event of Default**” means any of the events specified in Section 7.01 of this Indenture.

“**Fiscal Year**” means, with respect to each Borrower, the twelve-month period beginning July 1 and ending on June 30, or such other twelve-month period as may be designated in a written Statement of such Borrower delivered to the Authority and the Trustee.

“**Fitch**” means Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Authority.

“**Government Obligations**” means noncallable and nonprepayable direct obligations of the United States of America or obligations which as to full and timely payment of principal and interest constitute full faith and credit obligations of the United States of America (excluding therefrom unit investment trusts and money market funds comprised of such securities).

“**Grant-Funded Reserve Account**” means the Grant-Funded Reserve Account of the Reserve Fund established by the Trustee pursuant to Section 5.05 hereof.

“**Grant-Funded Reserve Eligible Securities**” means:

- (1) obligations issued or guaranteed by the United States Government;
- (2) obligations of agencies or instrumentalities of the United States, including government-sponsored enterprises;
- (3) obligations issued by or guaranteed by any state, provided such obligations are rated in the two highest rating categories of Moody’s Investor Service, Standard and Poor’s Corporation or Fitch Ratings;
- (4) commercial paper, repurchase agreements, guaranteed investment contracts or other similar instruments issued by corporations that are organized and operating within the United States having assets in excess of \$500 million and having a short-term rating in the highest rating category of Moody’s Investor Service, Standard and Poor’s Corporation or Fitch Ratings, and a long-term rating in one of the two highest rating categories;
- (5) money market funds that invest solely in United States Government securities or obligations of agencies or instrumentalities of the United States, including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory

or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee;

(6) money market fund deposits or certificates of deposit made in federally insured, regulated credit unions or banks, to the extent fully insured or collateralized with investments under categories (1) through (5), including such funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from funds for services rendered, (ii) the Trustee collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee; and

(7) such other investment securities as the Secretary may determine are prudent investments that comply with applicable law and regulations.

“Indenture” means this indenture, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture entered into pursuant to the provisions hereof.

“Intercept” means the apportionment from the Controller, pursuant to Section 17199.4 of the Education Code (or any successor provision) and each Intercept Notice, of amounts specified in each Intercept Notice and payable directly to the Trustee.

“Intercept Notice” means any notice from or on behalf of any Borrower to the Controller, pursuant to Section 17199.4 of the Education Code (or any successor provision), specifying a transfer schedule for the payment directly to the Trustee of one or more of the following: (x) principal of the Notes, (y) interest on the Notes and (z) other costs necessary or incidental to financing pursuant to the Act relating to the Notes, including Additional Payments, as the same may be amended, supplemented or restated from time to time.

“Intercept Schedule” means that schedule of repayment amounts, dates and repayment periods which the Authority shall provide, or cause to be provided for each Borrower in accordance with its Intercept Notice and the MOU.

“Interest Account” means the account by that name in the Revenue Fund established pursuant to Section 5.01(d).

“Irrevocable Deposit” means the irrevocable deposit in trust, with any trustee or escrow agent authorized to act in such capacity, of cash in an amount (or Government Obligations the principal of and interest on which will be in an amount), and under terms sufficient to pay all

or a portion of the principal of and/or premium, if any, and interest on, as the same shall become due, of any indebtedness of a Borrower which would otherwise be considered Outstanding.

“Letters of Credit” means, collectively, the Series 2021A-1 Letter of Credit, the Series 2021A-2 Letter of Credit, the Series 2021B-1 Letter of Credit, and the Series 2021B-2 Letter of Credit.

“Loans” means the loan of Note proceeds from the Authority to the Borrowers pursuant to the Loan Agreements.

“Loan Agreement” means any of those certain loan agreements, each dated as of March 1, 2021, each between the Authority and a Borrower, as originally executed or as it may from time to time be supplemented, modified or amended subject to and in accordance with the terms thereof and of Section 6.06(b) of this Indenture; **“Loan Agreements”** means all of such Loan Agreements, collectively.

“Loan Repayments” has the meaning given such term in Section 3.02(b) of each Loan Agreement.

“Maturity Date” means the maturity date for the Notes, which occurs on [December 30, 2021].

“Memorandum of Understanding” means the Memorandum of Understanding, dated as of _____, 2021 (the “MOU”), by and among the Authority, the Controller, and the CDE, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Borrowers.

“Noteholder” or **“Holder”** means, with respect to any Note, the person in whose name such Note is registered.

“Notes” means, collectively, the Series 2021A-1 Notes, Series 2021A-2 Notes, Series 2021B-1 Notes and Series 2021B-2 Notes.

“Opinion of Note Counsel” means an Opinion of Counsel by a nationally recognized bond counsel firm experienced in matters relating to the exclusion from gross income for federal income tax purposes of interest payable on obligations of state and political subdivisions.

“Opinion of Counsel” means a written legal opinion of a lawyer or law firm (which may be counsel for the Authority) selected by the Authority.

“Outstanding,” when used as of any particular time with reference to Notes, means (subject to the provisions of Section 11.09 hereof) all Notes theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except (a) Notes theretofore

canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Notes with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.01 of this Indenture; and (c) Notes for the transfer or exchange of which, or in lieu of or in substitution for which, other Notes shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

“Payments” means (i) all moneys received by the Trustee through the Intercept as directed by each Borrower (except any money received to be used for the payment of Administrative Fees and Expenses), (ii) all moneys, if any, received by the Authority or the Trustee directly from, or on behalf of, any of the Borrowers, pursuant to the Loan Agreements (excluding Additional Payments not directed to be deposited into any fund or account created and held under the Indenture), and (iii) all income derived from the investment of any money in any fund or account established pursuant to this Indenture.

“Person” means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Principal Account” means the account by that name in the Revenue Fund established pursuant to Section 5.01(d).

“Principal Corporate Trust Office” means for the Trustee originally appointed hereunder, the corporate trust office of U.S. Bank National Association, which at the date of execution of this Indenture is that specified in Section 11.08 of this Indenture, provided however, that for purposes of presentation of Notes for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

“Rating Agency” means at any time any nationally recognized rating agency including Fitch, Moody’s or S&P, then rating the Notes at the request of the Authority.

“Rating Category” means (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

“Record Date” means, with respect to the Maturity Date for the Notes, the fifteenth day of the calendar month immediately preceding the Maturity Date, whether or not such day is a Business Day.

“Reimbursement Agreements” means, collectively, the Series 1 Reimbursement Agreements and the Series 2 Reimbursement Agreements.

“Release Date” means [July 29, 2021].

“Reserve Fund” means the Reserve Fund established by the Trustee pursuant to Section 5.05 hereof.

“Responsible Officer” of the Trustee means and includes a duly authorized officer of the Trustee, with regular responsibility for the administration of matters related to this Indenture.

“Retained Rights” means the Authority’s right to receive Administrative Fees and Expenses and any Additional Payments, any right to be indemnified, held harmless or defended and rights to inspection and to receive notices, certificates and opinions, express rights to give approvals, consents or waivers.

“Revenue Fund” means the fund by that name established pursuant to Section 5.01(d) of this Indenture.

[**“Senior Loan”** means, as to any respective Borrower, a loan outstanding through the State Emergency Loan program or through the California Infrastructure and Economic Development Bank.]

“Series” means, with respect to the Notes, the respective series or tranche of Notes.

“Series A Reimbursement Agreements” means the Series 2021A-1 Reimbursement Agreement and the Series 2021A-2 Reimbursement Agreement.

“Series 1 Bank” means Citibank, N.A. and its successors and assigns.

“Series 2 Bank” means Royal Bank of Canada and its successors and assigns.

“Series 2021A Notes” means, collectively, the Series 2021A-1 Notes and the “Series 2021A-2 Notes.

“Series 2021A-1 Letter of Credit” means the irrevocable, direct pay letter of credit issued by the Series 1 Bank contemporaneously with the original delivery of the Notes supporting the payment of the principal of and interest on the Series 2021A-1 Notes.

“Series 2021A-1 Notes” means the California School Finance Authority Revenue Notes (ASAP Program), Series 2021A-1 (Federally Taxable), authorized and issued pursuant to Article II of this Indenture and any notes issued in exchange or replacement thereof in accordance with this Indenture.

“Series 2021A-1 Reimbursement Agreement” means the Reimbursement Agreement, dated as of March 1, 2021, by and between the Series 1 Bank and the Authority pursuant to which the Series 2021A-1 Letter of Credit is issued, as originally executed or as it may from time to time be supplemented, modified or amended.

“Series 2021A-2 Letter of Credit” means the irrevocable, direct pay letter of credit issued by the Series 2 Bank contemporaneously with the original delivery of the Notes supporting the payment of the principal of and interest on the Series 2021A Notes.

“Series 2021A-2 Notes” means the California School Finance Authority Revenue Notes (ASAP Program), Series 2021A-2 (Federally Taxable), authorized and issued pursuant to

Article II of this Indenture and any notes issued in exchange or replacement thereof in accordance with this Indenture.

“Series 2021A-2 Reimbursement Agreement” means the Reimbursement Agreement, dated as of March 1, 2021, by and between the Series 2 Bank and the Authority pursuant to which the Series 2021A-2 Letter of Credit is issued, as originally executed or as it may from time to time be supplemented, modified or amended.

“Series 2021B Notes” means, collectively, the Series 2021B-1 Notes and the “Series 2021B-2 Notes.

“Series 2021B-1 Letter of Credit” means the irrevocable, direct pay letter of credit issued by the Series 1 Bank contemporaneously with the original delivery of the Notes supporting the payment of the principal of and interest on the Series 2021B-1 Notes.

“Series 2021B-1 Notes” means the California School Finance Authority Revenue Notes (ASAP Program), Series 2021B-1 (Federally Taxable), authorized and issued pursuant to Article II of this Indenture and any notes issued in exchange or replacement thereof in accordance with this Indenture.

“Series 2021B-1 Reimbursement Agreement” means the Reimbursement Agreement, dated as of March 1, 2021, by and between the Series 1 Bank and the Authority pursuant to which the Series 2021B-1 Letter of Credit is issued, as originally executed or as it may from time to time be supplemented, modified or amended.

“Series 2021B-2 Letter of Credit” means the irrevocable, direct pay letter of credit issued by the Series 2 Bank contemporaneously with the original delivery of the Notes supporting the payment of the principal of and interest on the Series 2021B-2 Notes.

“Series 2021B-2 Notes” means the California School Finance Authority Revenue Notes (ASAP Program), Series 2021B-2 (Federally Taxable), authorized and issued pursuant to Article II of this Indenture and any notes issued in exchange or replacement thereof in accordance with this Indenture.

“Series 2021B-2 Reimbursement Agreement” means the Reimbursement Agreement, dated as of March 1, 2021, by and between the Series 2 Bank and the Authority pursuant to which the Series 2021B-2 Letter of Credit is issued, as originally executed or as it may from time to time be supplemented, modified or amended.

“Series 1 Reimbursement Agreements” means, collectively, the Series 2021A-1 Reimbursement Agreement and the Series 2021B-1 Reimbursement Agreement.

“Series 2 Reimbursement Agreements” means, collectively, the Series 2021A-2 Reimbursement Agreement and the Series 2021B-2 Reimbursement Agreement.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the state of New York, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no

longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Authority.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attention: Call Notification Department, Fax (212) 855-7232 or to such other addresses and/or such other securities depositories as the Authority may designate to the Trustee in writing.

“Special Record Date” means the date established by the Trustee pursuant to Section 2.02(d) of this Indenture as a record date for the payment of defaulted interest on Notes.

“State” means the State of California.

“Supplemental Indenture” or **“Indenture supplemental hereto”** means any indenture hereafter duly authorized and entered into between the Authority and the Trustee in accordance with the provisions of this Indenture.

“Trustee” means U.S. Bank National Association, as trustee hereunder, or the successor as Trustee hereunder as provided in Section 8.01 or 8.02 of this Indenture.

“Working Capital Fund” means the fund by that name established pursuant to Section 5.07 hereof.

SECTION 1.02. Content of Certificates and Opinions. Every certificate (other than the certificate provided for in Section 11.05 hereof) or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person or persons making or giving such certificate or opinion have read such condition or covenant 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 or opinions contained in such certificate or opinion 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 condition or covenant has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate or opinion made or given by a member or officer of the Authority may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his or her certificate or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should have known that the same were erroneous. Any such certificate or opinion made or given by counsel may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon the certificate or opinion of or representations by a member or officer of the Authority, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his or her opinion may be based as aforesaid are erroneous or in the exercise of reasonable care should have known that the same were erroneous.

Any written representation of the Authority or determination of the Trustee given in accordance with Section 6.06 (regarding the amendment of any Loan Agreement) or Article IX (regarding amendment of the Indenture) may, at the option of such party, be based solely on the written representation of a financial consultant or advisor selected by such party and not objected to by the other such party.

SECTION 1.03. Equal Security. In consideration of the acceptance of the Notes by the Holders thereof and the issuance of the Letters of Credit by the Banks, this Indenture shall be deemed to be and shall constitute a contract among the Authority, the Trustee, the Banks and the Holders from time to time of all Notes authorized, executed, issued and delivered hereunder and then Outstanding to secure the full and final payment of the principal of, premium, if any, and interest on all Notes which may from time to time be authorized, executed, issued and delivered hereunder and the amounts owed under the Reimbursement Agreements, subject to the agreements, conditions, covenants and provisions contained herein; and all agreements and covenants set forth herein to be performed by or on behalf of the Authority shall be for the equal and proportionate benefit, protection and security of the Banks and all Holders of the Notes without distinction, preference or priority as to security or otherwise of any Bank over another or of any Notes over any other Notes by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided herein or therein.

SECTION 1.04. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

SECTION 1.05. Construction. The parties hereto acknowledge that each such party and its respective counsel have participated in the drafting and revision of this Indenture. Accordingly, the parties agree that any rule of construction which disfavors the drafting party shall not apply in the interpretation of this Indenture or any amendment or supplement or exhibit hereto.

ARTICLE II

THE NOTES

SECTION 2.01. Authorization of Notes. (a) There shall be issued under and secured by this Indenture an issue of notes of the Authority constituting the Notes. The Notes are hereby authorized to be issued hereunder and designated generally as the “California School Finance Authority Revenue Notes (ASAP Program) Series 2021 (Federally Taxable)” issued in four subseries: Series 2021A-1 supported by the Series 2021A-1 Letter of Credit issued by the Series 1 Bank, Series 2021A-2 supported by the Series 2021A-2 Letter of Credit issued by the Series 2

Bank, Series 2021B-1 supported by the Series 2021B-1 Letter of Credit issued by the Series 1 Bank, and Series 2021B-2 supported by the Series 2021B-2 Letter of Credit issued by the Series 2 Bank. The aggregate principal amount of the Notes that may be issued under this Indenture shall not exceed _____ dollars (\$ _____), exclusive of temporary Notes executed and authenticated as provided in Section 2.07 hereof. The aggregate principal amount of the Series 2021A-1 Notes that may be issued under this Indenture shall not exceed _____ dollars (\$ _____), exclusive of temporary Notes executed and authenticated as provided in Section 2.07 hereof. The aggregate principal amount of the Series 2021A-2 Notes that may be issued under this Indenture shall not exceed _____ dollars (\$ _____), exclusive of temporary Notes executed and authenticated as provided in Section 2.07 hereof. The aggregate principal amount of the Series 2021B-1 Notes that may be issued under this Indenture shall not exceed _____ dollars (\$ _____), exclusive of temporary Notes executed and authenticated as provided in Section 2.07 hereof. The aggregate principal amount of the Series 2021B-2 Notes that may be issued under this Indenture shall not exceed _____ dollars (\$ _____), exclusive of temporary Notes executed and authenticated as provided in Section 2.07 hereof.

(b) This Indenture constitutes a continuing agreement with the Trustee and the Holders of all of the Notes Outstanding, and the Banks, subject to the covenants, agreements, provisions and conditions herein contained.

SECTION 2.02. Terms of Notes.

(a) The Notes shall be issued as registered notes in Authorized Denominations. The Notes shall be dated their date of issuance. Interest on the Notes shall be calculated on the basis of a 360-day year of twelve 30-day months and shall be payable in arrears on the Maturity Date.

(b) (i) The Series A-1 Notes shall mature on the Maturity Date and shall bear interest at the rate of _____% per annum; (ii) the Series A-2 Notes shall mature on the Maturity Date and shall bear interest at the rate of _____% per annum; (iii) the Series B-1 Notes shall mature on the Maturity Date and shall bear interest at the rate of _____% per annum; and (iv) the Series B-2 Notes shall mature on the Maturity Date and shall bear interest at the rate of _____% per annum.

(c) The Notes, when issued, will be registered in the name of Cede & Co., as nominee of the Depository, and shall be evidenced by one Note in the total aggregate principal amount. Registered ownership of the Notes, or any portion thereof, may not thereafter be transferred except as set forth in Section 2.10 hereof. So long as Cede & Co. is the registered owner of the Notes, as nominee of the Depository, references herein to the Noteholders, holders or registered owners shall mean Cede & Co. as aforesaid and shall not mean the “beneficial owners” of the respective Series of Notes.

(d) The principal of and interest on the Notes shall be payable in lawful money of the United States of America upon surrender at the Principal Corporate Trust Office. The interest on any Note shall be payable to the person whose name appears on the registration books

of the Trustee as the registered owner thereof as of the close of business on the Record Date for the Maturity Date, such interest to be paid by check mailed by first-class mail, postage prepaid, on the Maturity Date, to the registered owner at his or her address as it appears on such registration books. Notwithstanding the foregoing, however, any Holder of \$1,000,000 or more in an aggregate principal amount of the Notes shall be entitled to receive payments of interest on the Notes held by it by wire transfer of immediately available funds to such bank or trust company located within the United States of America as such other Holder shall designate in writing to the Trustee by the applicable Record Date for such payment. So long as Cede & Co. is the registered owner of the Notes, principal of and interest on the Notes are payable in same-day funds by the Trustee to Cede & Co., as nominee for the Depository.

(e) Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Noteholder on such Record Date and shall be paid to the person in whose name the Note is registered at the close of business on a Special Record Date for the payment of such defaulted interest. The Special Record Date shall be fixed by the Trustee, notice thereof being given to the Noteholders not less than 10 days prior to such Special Record Date.

SECTION 2.03. Execution of Notes. The Notes shall be signed in the name and on behalf of the Authority with the manual or facsimile signature of its Chair. The Notes shall then be delivered to the Trustee for registration and authentication by it. In case any officer who shall have signed any of the Notes shall cease to be such officer before the Notes so signed shall have been authenticated or delivered by the Trustee or issued by the Authority, such Notes may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officer of the Authority. Also, any Note may be signed on behalf of the Authority by such person as on the actual date of the execution of such Note shall be the proper officers although on the nominal date of such Note any such person shall not have been such officer. Only such of the Notes as shall bear thereon a certificate of authentication and registration in substantially the form set forth in Exhibit A hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Notes so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.04. Transfer of Notes. The registration of any Note may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.06 of this Indenture, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee shall require the payment by the Holder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, and there shall be no other charge to any Holder for any such transfer.

SECTION 2.05. Exchange of Notes. Notes may be exchanged at the Principal Corporate Trust Office of the Trustee for a like aggregate principal amount of the Notes of the same maturity of other authorized denominations. The Trustee shall require the payment by the Holder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange, and there shall be no other charge to any Holder for any such exchange.

SECTION 2.06. Note Register. The Trustee will keep or cause to be kept, at its Principal Corporate Trust Office, sufficient books for the registration of transfer of the Notes, which shall at all reasonable times during normal business hours upon reasonable notice be open to inspection by the Authority; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register the transfer or cause to be registered the transfer, on said books, of Notes as hereinbefore provided.

SECTION 2.07. Temporary Notes. The Notes may be initially issued in temporary form exchangeable for definitive Notes when ready for delivery. The temporary Notes may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the Authority, shall be in registered form and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Note shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Notes. If the Authority issues temporary Notes, it will execute and furnish definitive Notes without delay, and thereupon the temporary Notes may be surrendered, for cancellation, in exchange therefor at the Principal Corporate Trust Office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Notes an equal aggregate principal amount of definitive Notes of authorized denominations, of the same maturity or maturities. Until so exchanged, the temporary Notes shall be entitled to the same benefits under this Indenture as definitive Notes authenticated and delivered hereunder.

SECTION 2.08. Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated, the Authority, at the expense of the Holder of said Note, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Note of like tenor in exchange and substitution for the Note so mutilated, but only upon surrender to the Trustee of the Note so mutilated. Every mutilated Note so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Note issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the Authority, at the expense of the Holder, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Note of like tenor in lieu of and in substitution for the Note so lost, destroyed or stolen. If any Note mutilated, lost, destroyed or stolen shall have matured, instead of issuing a substitute Note the Trustee may pay the same without surrender upon receipt of indemnity satisfactory to the Trustee. The Authority may require payment from the Holder of a sum not exceeding the actual cost of preparing each new Note issued under this Section and of the expenses which may be incurred by the Authority and the Trustee. Any Note issued under the provisions of this Section in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other Notes secured by this Indenture.

SECTION 2.09. Use of Depository. Notwithstanding any provision of this Indenture to the contrary:

(a) The Notes initially shall be registered as provided in Section 2.02 hereof. Registered ownership of the Notes, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of the Depository or its nominee, or to any Substitute Depository designated pursuant to clause (ii) of this subsection (a) (“Substitute Depository”); provided that any successor of the Depository or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) To any Substitute Depository designated by the Authority (at the direction of the Borrowers) and not objected to by the Trustee, upon (1) the resignation of the Depository or its successor (or any Substitute Depository or its successor) from its functions as depository or (2) a determination by the Authority (at the direction of the Borrowers) that the Depository or its successor (or any Substitute Depository or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of the Depository or its successor (or Substitute Depository or its successor) from its functions as depository; provided that no Substitute Depository which is not objected to by the Trustee can be obtained or (2) a determination by the Authority (with the concurrence of the Borrowers) that it is in the best interests of the Authority to remove the Depository or its successor (or any Substitute Depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) hereof, upon receipt of the Outstanding Notes by the Trustee, together with a Request of the Authority to the Trustee, a single new Note for each maturity shall be executed and delivered in the aggregate principal amount of the Notes of such maturity then Outstanding, registered in the name of such successor or such Substitute Depository, or their nominees, as the case may be, all as specified in such Request of the Authority. In the case of any transfer pursuant to clause (iii) of subsection (a) hereof, upon receipt of the Outstanding Notes by the Trustee, new Notes shall be executed and delivered in such denominations numbered in consecutive order from R-1 up and registered in the names of such persons as are requested in such a Request of the Authority, subject to the limitations of Section 2.02 hereof, provided the Trustee shall not be required to deliver such new Notes within a period less than sixty (60) days from the date of receipt of such a Request of the Authority.

(c) In the case of an advance refunding of the Notes, if any, evidencing all or a portion of the principal amount then Outstanding, the Depository shall make an appropriate notation on the Notes indicating the date and amounts of such reduction in principal.

(d) The Authority and the Trustee shall be entitled to treat the person in whose name any Note is registered as the Noteholder thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Notes. Neither the Authority nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including the Depository or its successor (or Substitute Depository or its successor), except for the Holder of any Note.

(e) So long as the outstanding Notes are registered in the name of Cede & Co. or its registered assigns, the Authority and the Trustee shall cooperate with Cede & Co., as sole registered Noteholder, and its registered assigns in effecting payment of the principal of and interest on the Notes by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

SECTION 2.10. Validity of Notes. The validity of the authorization and issuance of the Notes is not dependent on and shall not be affected in any way by any proceedings taken by the Authority or the Trustee with respect to or in connection with the Loan Agreements. The recital contained in the Notes that the same are issued pursuant to the Act and the Constitution and laws of the State shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

ARTICLE III

ISSUANCE OF NOTES; ESTABLISHMENT OF CERTAIN FUNDS AND APPLICATION OF PROCEEDS

SECTION 3.01. Authentication and Delivery of Notes. At any time after the execution of this Indenture, the Authority may execute the Notes, and the Trustee, upon the Order of the Authority, shall authenticate and deliver the Notes in accordance with Article II of this Indenture, in each case exclusive of the Notes executed and authenticated as provided in Section 2.07 hereof.

SECTION 3.02. Application of Proceeds of Notes and Certain Other Moneys.

(a) The Trustee hereby agrees to establish and maintain hereunder, in trust, the funds described in Article V herein.

(b) The Trustee shall accept the proceeds received from the sale of the Series 2021A Notes in the amount of \$_____ (consisting of the par amount of the Series 2021A Notes of \$_____, and less an underwriters' discount of \$_____) and the proceeds received from the sale of the Series 2021B Notes in the amount of \$_____ (consisting of the par amount of the Series 2021B Notes of \$_____, and less an underwriters' discount of \$_____).

(c) The Trustee shall accept \$10,000,000 from the Authority, representing a grant from the DOE.

(d) The Trustee shall deposit the amounts received pursuant to Section 3.02(b) and Section 3.02(c) hereof, in the following funds and accounts in the following amounts:

	Series 2021A-1 Notes	Series 2021A-2 Notes	Series 2021B-1 Notes	Series 2021B-2 Notes
Revenue Fund (Capitalized Interest)				
Working Capital Fund				
Escrow Account				
Grant-Funded Reserve Account		---		---
Credit Enhancement Fee Fund				
Costs of Issuance Fund				

ARTICLE IV

NO REDEMPTION OF THE NOTES

SECTION 4.01. No Redemption. The Notes are not subject to redemption prior to their stated maturity.

ARTICLE V

PLEDGE AND ASSIGNMENT; ESTABLISHMENT AND APPLICATION OF FUNDS AND ACCOUNTS

SECTION 5.01. Pledge and Assignment. (a) Subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein, there are hereby pledged to secure the payment of the principal of and interest on each Series of Notes in accordance with their terms and the provisions of this Indenture and the proceeds of drawings made under the Letters of Credit, all of the Payments (except any money received to be used for the payment of Administrative Fees and Expenses) and any other amounts (including proceeds of the sale of Notes) held in any fund or account established pursuant to this Indenture for the benefit of such Series of Notes and the payment of amounts owing under the Reimbursement Agreements. Said pledge shall constitute a lien on and security interest in such assets and shall attach and be valid and binding from and after delivery of the Notes and the Letters of Credit, without any physical delivery thereof or further act. The repayment of the Notes and the amounts owed under the Reimbursement Agreements are also secured by the security interest granted to the Trustee by each Borrower under each Loan Agreement.

(b) The Authority hereby assigns to the Trustee, for the benefit of the Holders from time to time of the Notes and the Banks, all of the Payments (except any money received to be used for the payment of Administrative Fees and Expenses) and other amounts pledged and referenced in paragraph (a) of this Section and all of the right, title and interest of the Authority in, to and under the Loan Agreements (except for the Retained Rights). The Trustee shall be entitled to and shall receive all of such assigned Payments, and any such Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the

Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee also shall be entitled to and shall (subject to the provisions of this Indenture) take all steps, actions and proceedings following any event of default under the Loan Agreements reasonably necessary in its judgment, or as directed in writing by the majority of Holders, subject to Section 11.06, to enforce, either jointly with the Authority or separately, all of the rights of the Authority assigned to the Trustee, the security interest granted to the Trustee under the Loan Agreements and all of the obligations of the Borrowers under the Loan Agreements and the MOU.

(c) The Authority shall take and the Borrowers have agreed in their respective Loan Agreements to take all actions necessary for the Trustee to collect directly from the Controller the amounts set forth in their respective Intercept Notices on such dates set forth in such Intercept Notices. Under Education Code Section 17199.4(c)(2)(c), the Trustee will be identified in the Intercept Notices as the Trustee, for the benefit of the Holders of the Notes and the Banks, and shall be entitled to and shall receive all payments under the Intercept Notices on behalf of the Holders of the Notes and the Banks.

(d) The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Revenue Fund.” Proceeds of the Notes designated as capitalized interest and all Payments shall be promptly deposited in the Revenue Fund. Exhibit D hereto details the deposits by Series and by Borrower, and details the deposits by Series and by Borrower pursuant to Section 3.02 hereof, against which the sufficiency of the amounts on deposit can be reconciled each month. Transfers made in accordance with pursuant to Sections 5.06 and 5.07 hereof shall also be promptly deposited in the Revenue Fund, and shall be reflecting in a revised form of Exhibit D to be provided by the Authority from time to time. Within the Revenue Fund, the Trustee shall establish a Letter of Credit Account for each Series of Notes, to be designated the “Series 2021A-1 Letter of Credit Account,” the “Series 2021A-2 Letter of Credit Account,” the “Series 2021B-1 Letter of Credit Account,” and the “Series 2021B-2 Letter of Credit Account.” For accounting purposes, the Trustee may establish within the Revenue Fund an Interest Account for each Series of Notes (each, an “Interest Account”) and a Principal Account for each Series of Notes (each, a “Principal Account”). All Payments shall be held in trust for the benefit of the Holders from time to time of the related Series of Notes and the Banks but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes hereinafter in this Article V set forth.

(e) The Notes are not and shall not be deemed to constitute a debt or liability of the State, or any political subdivision thereof, and are not and shall not be deemed to be a pledge of the faith and credit of the State, or any political subdivision thereof, other than the Authority, which shall only be obligated to pay the Notes solely from the Payments and funds herein provided therefor. 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 whatever for the Notes or to make any appropriation for their payment. Nothing in this Indenture, the Act or otherwise is an undertaking by the Authority or the State or any political subdivision thereof to fund the transfers described in the Intercept Notice other than as expressly elected in the respective Intercept Notice, or to otherwise make funds available to the Borrowers in any amount or at any time.

SECTION 5.02. Allocation of Revenues.

(a) In accordance with Section 5.09, on the day before, for payment on the Maturity Date, the Trustee shall draw under the Letters of Credit, in accordance with the terms thereof, amounts sufficient to pay the principal of and interest on the Notes and shall deposit the proceeds of such drawings under each of the Letters of Credit into the Letter of Credit Account described in Section 5.01(d) related to each Letter of Credit. On the Maturity Date, the Trustee shall apply the amounts held in the Letter of Credit Accounts to repay the Notes of the related Series and, to the extent that amounts in Letter of Credit Accounts are insufficient to pay the principal and interest on the related Series of Notes, the Trustee shall apply amounts in the Revenue Fund (after making all transfers to the Revenue Fund from the Grant Funded Reserve Account, the Credit Enhancement Fee Fund and the Working Capital Fund) to the repayment of the principal and interest of the Notes on the Maturity Date. To the extent that the Banks honor drawings under the Letters of Credit on the Maturity Date, the Trustee shall apply the amounts in the Revenue Fund (after making all transfers to the Revenue Fund from the Grant Funded Reserve Account, the Credit Enhancement Fee Fund and the Working Capital Fund) to reimburse the Banks for amounts drawn under the Letters of Credit and payment of all other amounts owing under the Reimbursement Agreements, including as and to the extent provided in subsections (c) and (d) and Sections 5.03 and 5.04 below.

(b) On the Maturity Date the Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts, the following amounts, in the following order of priority, the requirements of each such account or fund (including the making up of any deficiencies in any such account resulting from lack of Payments sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account or fund subsequent in priority:

(1) To the Interest Account, the aggregate amount of interest becoming due and payable as interest on the Notes on the Maturity Date on all Notes then Outstanding, until the balance in said account is equal to said aggregate amount of interest; and

(2) To the Principal Account, the aggregate amount of principal becoming due and payable as principal of the Notes on the Maturity Date plus all amounts owed under the Reimbursement Agreements other than to reimburse the Banks for amounts drawn under the Letters of Credit, until the balance in said Principal Account is equal to said aggregate amount of such principal.

(c) On or before the Release Date, the Trustee, in consultation with the Authority, shall have determined the extent of any deficiencies in the Revenue Fund resulting from lack of Payments sufficient to make the required reimbursement to the Banks on the Maturity Date, and to the extent of such deficiency, shall draw amounts in the Credit Enhancement Fee Fund, and the Working Capital Fund, for the purpose of making up any deficiency in the Revenue Fund, the Interest Account or the Principal Account, each as allocable to the Notes, that exists on the Maturity Date as provided in Sections 5.06 and 5.07 hereof, and shall transfer such funds to the Revenue Fund accordingly.

(d) On the day before the Maturity Date, the Trustee, in consultation with the Authority, shall determine the extent of any deficiencies in the Revenue Fund resulting from lack

of Payments allocable to the Series 2021A Notes sufficient to pay the principal of and interest on the Series 2021A Notes on the Maturity Date and to pay all amounts owing under the Series 2021A Reimbursement Agreements on the Maturity Date, and to the extent of such deficiency, shall draw amounts in the Grant-Funded Reserve Account for the purpose of making up any deficiency in the Revenue Fund, the Interest Account or the Principal Account, each as allocable to the Series 2021A Notes, that exists on the Maturity Date, and shall transfer such funds to the Revenue Fund accordingly.

(e) Moneys remaining in the Revenue Fund after the foregoing transfers shall be applied by the Trustee to the repayment of any amounts remaining unpaid under the Reimbursement Agreements and transferred on the first Business Day after all amounts owing under the Reimbursement Agreements are repaid in full by the Trustee to the applicable Borrowers in the amounts instructed by the Authority, free and clear of the lien of this Indenture.

SECTION 5.03. Application of Each Interest Account. All amounts in each Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the related Series of Notes as it shall become due and payable (including accrued interest on any Notes purchased prior to maturity pursuant to this Indenture – how would this purchase work?), to the extent that amounts in the related Letter of Credit Account are insufficient to pay the principal and interest on the related Series of Notes and, otherwise shall be applied solely to reimburse the Banks for amounts drawn under the related Letters of Credit to pay the interest on the related Series of Notes on the Maturity Date.

SECTION 5.04. Application of Each Principal Account. All amounts 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 Notes, as provided herein, to the extent that amounts in the related Letter of Credit Account are insufficient to pay the principal on the related Series of Notes and, otherwise shall be applied solely to reimburse the Banks for amounts drawn under the related Letters of Credit to pay the principal of the related Series of Notes on the Maturity Date and all other amounts owed to the Banks under the Reimbursement Agreements.

SECTION 5.05. Application of Reserve Fund. (a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Reserve Fund” and within the Reserve Fund, the Trustee shall establish and maintain the “Grant-Funded Reserve Account.” All amounts in the Grant-Funded Reserve Account shall be used and withdrawn by the Trustee, solely for the purpose of making up any deficiency in the Revenue Fund, the Interest Account or the Principal Account, each as allocable to the Series 2021A Notes, that exists on the Maturity Date. Amounts on deposit in the Grant-Funded Reserve Account shall be applied as provided in Section 5.02(d).

(b) The Trustee shall notify the Authority immediately of any withdrawal from the Grant Funded Reserve Account for the purpose of making up a deficiency in the Revenue Fund, the Interest Account or the Principal Account each allocable to the Series 2021A Notes, which notice shall specify the amount of such withdrawal from the Grant-Funded Reserve Account.

(c) Immediately following the date on which the Series 2021A Notes are repaid in full and all amounts owing under the Series 2021A-1 Reimbursement Agreement and the Series

2021A-2 Reimbursement Agreement are repaid in full, the Trustee shall transfer to the Authority any amounts remaining on deposit in the Grant-Funded Reserve Account. Thereafter the Trustee shall close the Grant-Funded Reserve Account.

SECTION 5.06. Application of Credit Enhancement Fee Fund. (a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Credit Enhancement Fee Fund.” All amounts in the Credit Enhancement Fee Fund shall be used and withdrawn by the Trustee, solely for the purpose of making up any deficiency in the Revenue Fund, the Interest Accounts or the Principal Accounts with respect to the Series 2021B Notes [and, once the amounts in the Grant-Funded Reserve have all been applied to make up deficiencies in the Revenue Fund, the Interest Account and the Principal Account with respect to the Series 2021A Notes, with respect to the Series 2021A Notes that exists on the date when monies on deposit in the Revenue Fund, Interest Account or the Principal Account are required to be applied, as provided in [Section 5.01-Sections 5.03 and 5.04 hereof], or (together with any other moneys available therefor) for the payment of all Notes then Outstanding.

(b) On or about the Release Date the Trustee shall determine, with respect to the schedule for amounts to be on deposit in the Revenue Fund, the following:

(1) The amount on deposit in such Revenue Fund, including amounts transferred from the Working Capital Fund pursuant to Section 5.07(b), plus the amount of Payments for that Borrower that are anticipated to be received with respect to the Borrower’s Loans related to each Series after the date of calculation through Maturity Date by virtue of the Intercept based upon the current Intercept Schedules for such Borrower; and

(2) The amount of each Borrower’s Revenue Fund Requirement. [Revenue Fund Requirement being defined as the total principal of and interest on the amounts borrowed by the Borrower from each Series payable on the Maturity Date and the Borrower’s Pro Rata Share of all payments owed with respect to the Notes of each Series, the Reimbursement Agreements.]

To the extent that the amount determined pursuant paragraph (1) above for any Borrower with regard to its Loans funded from the proceed of the Series 2021B Notes is less than the amount determined pursuant to paragraph (2) for such Borrower and its Loans funded from the proceeds of Series 2021B Notes, the Trustee shall transfer an amount equal to the deficiency from the Credit Enhancement Fee Fund to such Revenue Fund allocable to each Borrower related to the Series 2021B Notes so that the sum of the amounts so transferred plus the amount determined pursuant to paragraph (1) above for each such Revenue Fund for the credit of such Borrower in accordance with Exhibit D related to the Series 2021B Notes will equal such Borrower’s Revenue Fund Requirement with respect to the Series 2021B Notes.

After making the transfers described in the preceding paragraph, to the extent that the amount determined pursuant paragraph (1) above for any Borrower with regard to its Loans funded from the proceeds of the Series 2021A Notes is less than the amount determined pursuant to paragraph (2) for such Borrower and its Loans funded from the proceeds of Series 2021A Notes, the Trustee shall transfer an amount equal to the deficiency from the Credit Enhancement Fee Fund

to such Revenue Fund allocable to each Borrower related to the Series 2021A Notes so that the sum of the amounts so transferred plus the amount determined pursuant to paragraph (1) above for each such Revenue Fund for the credit of such Borrower in accordance with Exhibit D related to the Series 2021A Notes will equal such Borrower's Revenue Fund Requirement with respect to the Series 2021B Notes but only after taking into account any amounts held in the Grant-Funded Reserve Account that may be transferred to satisfy any such shortfall on the Maturity Date pursuant to Section 5.02(d), in light of such deficiencies identified in the Revenue Fund allocable and related to the Series 2021A Notes on the Release Date.

(c) The Trustee shall notify the Authority immediately of any withdrawal from the Credit Enhancement Fee Fund for the purpose of making up a deficiency in the Revenue Fund, the Interest Account or the Principal Account, which notice shall specify the amount of such withdrawal from the Credit Enhancement Fee Fund, and the amount transferred to Revenue Fund for the credit of each such Borrower in accordance with Exhibit D.

(d) On the earlier of the Release Date (following the completion of all transfers from the Credit Enhancement Fee Fund described above in this Section) and the day following the date on which the Notes are repaid in full and all amounts owing under the Reimbursement Agreements are repaid in full, the Trustee shall transfer any the balance remaining on deposit in the Credit Enhancement Fee Fund [(i) first, the Grant-Funded Reserve Fund, in the amount of any withdrawals therefrom and (ii) then, the remaining balance] to each Borrower on whose behalf no transfer has been made to the Revenue Fund pursuant to Section 5.06(b), in the amount instructed by the Authority based on such Borrower's proportionate share. Thereafter, the Trustee shall close the Credit Enhancement Fee Fund.

SECTION 5.07. Working Capital Fund.

(a) The Trustee shall establish, maintain and hold in trust a separate fund designated as the "Working Capital Fund" and within the Working Capital Fund, an Escrow Account.

(b) Prior to disbursing funds from the Working Capital fund in connection with each Requisition, in including on the Release Date, the Trustee shall determine, with respect to each Borrower, the following:

(1) The amount on deposit in such Revenue Fund allocable to each Borrower plus the amount of Payments for that Borrower that are anticipated to be received with respect to the Borrower's Loans after the date of calculation through Maturity Date by virtue of the Intercept based upon the then current Intercept Schedules for such Borrower; and

(2) The amount of such Borrower's Revenue Fund Requirement.

To the extent that the amount determined pursuant paragraph (1) above for any Borrower is less than the amount determined pursuant to paragraph (2) for such Borrower with respect to any Series, the Trustee shall transfer, from the Working Capital Fund to the credit of such Borrower for such Series to the Revenue Fund for the credit of such Borrower in accordance

with Exhibit D of the same Series, an amount equal to the lesser of the amount of the deficiency and the balance held in the Working Capital Fund to the credit of such Borrower.

(c) The moneys in the Working Capital Fund (other than in the Escrow Account) shall be disbursed, subject to the requirements of Section 5.07(b), pursuant to Requisitions of each Borrower, which shall be substantially in the form of Exhibit B hereof, subject to satisfaction of the conditions to disbursement in subsection (d) below, pursuant to individual requisitions. The amounts each Borrower may receive by Requisition and the date on which such amount may be disbursed to each Borrower is set forth Exhibit D hereto. Each such Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

(d) Conditions precedent to each disbursement to a Borrower of moneys in the Working Capital/Escrow Fund are as follows:

(i) no Event of Default has occurred under the Borrower's related Loan Agreement;

(ii) the Borrower's representations and warranties under the Borrower's related Loan Agreement remain true and correct;

(iii) none of the Borrower's charter school's charters is subject to renewal prior to June 30, 2022;

(iv) except as otherwise provided in clause (v) below, the amount requested in the Requisition does not exceed the scheduled amount in Exhibit D;

(v) with regard to the requisition of amounts set forth in Exhibit D with respect to each Borrower and the month of June, the amount requested in the Requisition shall be no more than the lesser of (A) the amount set forth in Exhibit D for such Borrower and the month of June and (B) the amount of the Deferral Amount specified for such Borrower subject to the Intercept in the P-2 Proclamation (as defined in the MOU), but, in each case, less any amount to be transferred to the Revenue Fund pursuant to Section 5.07(b);

(vi) satisfaction of the requirements for such Requisition set forth in the Reimbursement Agreements; and

(vii) satisfactory evidence that each of the Borrower's charter schools remains in operation through the last day of the calendar month with respect to the Deferral Payment which is the basis for such Requisition and so the Borrower remains eligible to receive the Deferral Amount from the State that is the basis for the Requisition in question. [The Banks and the Authority will work together to develop a process to provide such evidence based upon information to be available to the Authority regarding the status of each charter school.]

(e) Any amounts remaining in the Working Capital Fund on July __, 2021 shall be transferred to the Revenue Fund to be applied on the Maturity Date to the payment of principal of the Notes, to reimburse the Banks for amounts drawn under the Letters of Credit to pay such principal and to pay any other amounts owing under the Reimbursement Agreements. Upon

repayment of the Notes in full and payment of all amounts owing under the Reimbursement Agreements, the Working Capital Fund shall be closed.

SECTION 5.08. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Costs of Issuance Fund.” The allocation of the total amount of Costs of Issuance that each Borrower shall be responsible for is set forth in Exhibit C hereof. Moneys deposited in said fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance of the Notes upon Requisition of the Authority identifying the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund, and including a copy of the invoice or statement evidencing the costs incurred. On the one hundred eightieth (180th) day following the initial issuance of the Notes, or upon the earlier Request of the Authority, amounts, if any, remaining in the Costs of Issuance Fund shall be transferred to the Revenue Fund.

SECTION 5.09. Letters of Credit.

(a) On or before 3:00 P.M., New York time, on the Business Day preceding the Maturity Date, the Trustee shall by telex, telecopy or telegraphic demand, draw on the Letters of Credit in accordance with the terms thereof so as to receive thereunder by 12:00 P.M., New York time, on the Maturity Date, an amount, in immediately available funds, sufficient to enable the Trustee to pay principal of and interest payable, respectively, on the Series 2021 A-1 Notes, the Series 2021A-2 Notes, the Series 2021 B-1 Notes and Series 2021B-2 Notes on the Maturity Date. The proceeds of such draw shall be deposited in the Series 2021A-1 Letter of Credit Account, the Series 2021A-2 Letter of Credit Account, the Series 2021B-1 Letter of Credit Account, and the Series 2021B-2 Letter of Credit Account, respectively, of the Revenue Fund.

(b) The Trustee shall not sell, assign or otherwise transfer the Letter of Credit, except to a successor Trustee hereunder and in accordance with the terms of the Letter of Credit and this Indenture. The Trustee shall not require any indemnification from the Authority or the Borrowers as a precondition of submitting a drawing on the Letter of Credit.

SECTION 5.10. Investment of Moneys in Funds and Accounts. All moneys in any of the funds and accounts established pursuant to this Indenture, except the Grant-Funded Reserve Account, shall be invested by the Trustee solely in such Eligible Securities as are specified in a Request of the Authority, provided, however, that, if the Authority does not file such a Request with the Trustee, the Trustee shall invest to the extent practicable in investments described in clause (7) of the definition of the term “Eligible Securities” in Section 1.01 of this Indenture; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Request of the Authority specifying a specific money market fund and, if no such Request of the Authority is so received, the Trustee shall hold such moneys uninvested.

All moneys in the Grant-Funded Reserve Account shall be invested by the Trustee solely in such Grant-Funded Reserve Eligible Securities as are specified in a Request of the Authority, provided, however, that, if the Authority does not file such a Request with the Trustee, the Trustee shall invest to the extent practicable in investments described in clause five (5) of the definition of

the term “Grant-Funded Reserve Eligible Securities” in Section 1.01 of this Indenture; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Request of the Authority specifying a specific money market fund and, if no such Request of the Authority is so received, the Trustee shall hold such moneys uninvested.

All interest, profits and other income received from the investment of moneys shall be deposited in the Revenue Fund; provided, however, all interest, profits and other income received from the investment of moneys in the Grant-Funded Reserve Account shall remain in such account.

Investments in any and all funds and accounts established pursuant to this Indenture may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in a particular fund amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the particular funds to which they are credited and otherwise as provided in this Indenture. The Trustee may act as principal or agent in the making or disposing of any investment. To the extent Eligible Securities are registrable, such investments shall be registered in the name of the Trustee. The Trustee may sell or present for redemption, any securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such securities are credited, and the Trustee shall not be liable or responsible for any loss resulting from such investment. The Trustee shall have no investment discretion.

The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

SECTION 5.11. Amounts Remaining in Funds and Accounts. Any amounts remaining in the Revenue Fund or any other fund or account established hereunder (other than the Grant-Funded Reserve Account) after payment in full of the Notes (or after provision for payment thereof as provided herein), payment of all amounts owing under and allocable to the Reimbursement Agreements, and payment of the fees, charges and expenses of the Trustee and the Authority, shall belong and be paid to the Authority by the Trustee. Any amounts remaining in the Grant-Funded Reserve Account after payment in full of the Series 2021A Notes (or after provision for payment thereof as provided herein), payment of all amounts owing under and allocable to the Series A Reimbursement Agreements, and payment of the fees, charges and expenses of the Trustee and the Authority, shall belong and be paid to the Authority by the Trustee.

ARTICLE VI

COVENANTS

SECTION 6.01. Punctual Payment. The Authority shall punctually pay, but only out of Payments and pledged funds as herein provided, the principal and interest to become due in respect of every Note issued hereunder at the time and place and in the manner provided herein and in the Notes, according to the true intent and meaning thereof.

SECTION 6.02. Extension of Payment of Notes. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the Notes or the time of payment of any of the claims for interest by the purchase or funding of such Notes or claims for interest or by any other arrangement except with the written consent of the Noteholders and, if the maturity of any of the Notes or the time of payment of any such claims for interest shall be extended without the written consent of the Noteholders, such Notes or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Notes then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue Notes for the purpose of refunding any Outstanding Notes, and such issuance shall not be deemed to constitute an extension of maturity of Notes.

SECTION 6.03. Encumbrance Upon Payments. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Payments and other assets pledged or assigned under this Indenture while any of the Notes are Outstanding, except the pledge and assignment created by this Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Act, and reserves the right to issue other obligations for such purposes.

SECTION 6.04. Power to Issue Notes and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the Notes and to enter into this Indenture and to pledge and assign the Payments (except Payments described in clause (i) of the definition thereof) and other assets purported to be pledged and assigned, respectively, under this Indenture in the manner and to the extent provided in this Indenture. The Notes and the provisions of this Indenture are and will be the valid and binding limited obligations of the Authority, and the Authority and Trustee shall at all times, to the extent permitted by law and subject to the provisions of this Indenture, defend, preserve and protect said pledge and assignment of Payments (except Payments described in clause (i) of the definition thereof) and other assets and all the rights of the Noteholders under this Indenture against all claims and demands of all persons whomsoever.

SECTION 6.05. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with the Trustee's accounting practices for books of record and account relating to similar trust accounts and in accordance with the customary standards of the corporate trust industry for such books of record and account, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of Notes, the Payments, the Loan Agreements and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Authority, the Borrowers and any Noteholder, or his agent or representative duly authorized in writing, at reasonable hours, upon reasonable notice and under reasonable circumstances.

SECTION 6.06. Other Covenants; Amendment of the Loan Agreements. (a) Subject to the provisions of this Indenture, the Trustee shall promptly collect all amounts due pursuant to the Loan Agreements and, upon an Event of Default, diligently enforce and take all steps, actions and proceedings reasonably necessary for the enforcement of all of the rights of the Authority and the Trustee under the Loan Agreements assigned to it pursuant to Section 5.01(b) hereof.

(b) The Authority shall not amend, modify or terminate any of the terms of any Loan Agreement, or consent to any such amendment, modification or termination, without the prior written consent of the Trustee. The Trustee shall give such written consent if but only if (1) it has received a written representation from the affected Borrowers to the effect that such amendment or modification will not materially and adversely affect the interests of the Holders of the Notes; provided that, if an Event of Default described in paragraph (a), (b) or (c) of Section 7.01 has occurred and is continuing, the Trustee rather than the affected Borrowers shall make a determination that such amendment or modification will not materially and adversely affect the interests of the Holders of the Notes (provided that, in making such determination, the Trustee may conclusively rely on written representations of financial consultants or advisors or the opinion or advice of counsel), or (2) the Holders of a majority in aggregate principal amount of the Notes then Outstanding consent in writing to such amendment, modification or termination, provided that no such amendment, modification or termination shall reduce the amount of Loan Repayments payable to the Authority, or extend the time for making such payments, without the written consent of all of the Holders of the Notes then Outstanding.

(c) The Trustee shall promptly collect all amounts due from the Borrowers pursuant to the Loan Agreements, will perform all duties imposed upon it pursuant to the Loan Agreements and, upon an Event of Default, shall diligently enforce, and take all steps, actions and proceedings reasonably necessary for the enforcement of, all of the rights of the Authority (other than the Retained Rights) and all of the obligations of the Borrowers under the Loan Agreements, subject to all rights and protections contained in this Agreement.

SECTION 6.07. Further Assurances. The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Holders of the Notes of the rights and benefits provided in this Indenture.

SECTION 6.08. Intercept Covenants. [The Trustee shall, on each ____ and ____, and on any date which a transfer from the Controller to the Trustee is scheduled pursuant to any Intercept Notice, notify the Authority, the Banks and the affected Borrower of any shortfall in amounts received by the Trustee from the Controller compared to the amounts set forth in any Intercept Notice for such date. If, subsequent to any shortfall for which the Trustee has sent notice pursuant to the preceding sentence, the Trustee shall receive payment of amounts sufficient to cure such shortfall, the Trustee shall, within ten (10) Business Days thereof, notify the Authority and the affected Borrower of the receipt of such payment, such payment to be allocated to reimburse accounts herein and/or the respective Bank as directed by the Authority.

SECTION 6.01. Secondary Market Event Disclosure. The Authority hereby covenants and agrees to comply with the continuing disclosure requirements for the Notes as promulgated under Rule 15c2-12, as it may from time to time hereafter be amended or supplemented, including without limitation complying with all of its obligations under the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Authority to comply with the requirements of Rule 15c2-12 applicable to the Notes, as it may from time to time hereafter be amended or supplemented, shall not be considered an Event of Default hereunder or under any Loan Agreement; provided that any owner or beneficial owner may 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 pursuant to this Section 6.01.

ARTICLE VII

EVENTS OF DEFAULT; REMEDIES ON DEFAULT

SECTION 7.01. Events of Default; Waiver of Default. If one or more of the following events (“Events of Default”) shall happen, that is to say-

(a) if default shall be made by the Authority in the due and punctual payment of the principal of any Note as the same shall become due and payable (whether at maturity, by declaration or otherwise);

(b) if default shall be made by the Authority in the due and punctual payment of interest on any Note when and as such interest shall become due and payable; or

(c) receipt by the Trustee of written notice from a Bank that an Event of Default has occurred under a Reimbursement Agreement; or

(d) if default shall be made by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part in this Indenture or in the Notes contained, and such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Authority by the Trustee, or to the Authority, the Borrowers, and the Trustee by the Holders of not less than a majority in aggregate principal amount of the Notes at the time Outstanding, except that, in each case, if such failure can be remedied but not within such 60-day period, such failure shall not become an Event of Default for so long as the Authority shall diligently proceed to remedy the same;

then and in each and every such case during the continuance of such Event of Default, the provisions of Section 7.02 shall apply.

SECTION 7.02. Institution of Legal Proceedings by Trustee. (a) If one or more of the Events of Default shall occur, the Trustee in its discretion may, and upon the written request of the Holders of a majority in principal amount of the Notes then Outstanding, subject to Section 11.06, and upon being indemnified to its satisfaction therefor, the Trustee shall proceed to protect or enforce its rights or the rights of the holders of Notes and the Banks under this Indenture and the Loan Agreements, by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein or therein, or in aid of the execution of any power herein or therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder, including the rights of the Authority and the Trustee under the MOU, provided that any such request from the Noteholders shall not be in conflict with any rule of law or with this Indenture, expose the Trustee to personal liability or be unduly prejudicial to Noteholders not joining therein.

(b) Notwithstanding anything to the contrary in this Indenture, the Authority shall have no obligation to, and instead the Trustee may, without further direction from the Authority, take any and all steps, actions and proceedings, to enforce any or all rights of the Authority (other than those specifically retained by the Authority pursuant to Section 5.01 of this Indenture) under this Indenture, the Loan Agreements or the MOU, including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Borrowers under the Loan Agreements.

SECTION 7.03. Application of Moneys Collected by Trustee. Any moneys collected by the Trustee pursuant to Section 7.02 hereof and any other amounts then held by the Trustee under this Indenture, shall be applied in the following order, at the date or dates fixed by the Trustee and, in the case of distribution of such moneys on account of principal upon presentation of the Notes, and stamping thereon the payment, if only partially paid, and upon surrender thereof, if fully paid:

First: To the payment of costs and expenses of collection and reasonable compensation to the Trustee for its own services and for the services of counsel, agents and employees by it properly engaged and employed, and all other expenses and liabilities incurred, and for advances, together with interest on such advances at a rate per annum equal to the Note yield plus two percent, made pursuant to the provisions of this Indenture.

Second: In the event that a Bank wrongfully dishonors a drawing under a Letter of Credit, the Trustee shall apply the portion of the amounts collected allocable to the Series of Notes supported by the Letter of Credit with respect to which the wrongful dishonor has occurred to the payment of the principal and interest on such Notes supported by such dishonored Letter of Credit, in every instance such payment to be made ratably to the persons entitled thereto without discrimination or preference.

Third: To pay amounts owing under the Reimbursement Agreements ratably to the Banks that have not wrongfully dishonored a drawing under a Letter of Credit without discrimination or preference on a *pro rata* basis.

Fourth: To any Bank that wrongfully dishonors a drawing under a Letter of Credit, amounts owing under the Reimbursement Agreements of such Bank.

Whenever moneys are to be applied pursuant to the provision of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future or as otherwise directed by the Banks. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be the Maturity Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal and past-due interest to be paid on such date shall cease to accrue.

Whenever all principal of and interest on all Notes have been paid under the provisions of this Section and all fees, expenses and charges of the Trustee (including without limitation those of its attorneys) have been paid, and all amounts owing under the Reimbursement

Agreements any balance remaining in the funds and accounts hereunder shall be paid to the Authority.

SECTION 7.04. Effect of Delay or Omission to Pursue Remedy. No delay or omission of the Trustee or of any Holder of Notes to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every power and remedy given by this Article VII to the Trustee or to the Holders of Notes may be exercised from time to time, and as often as shall be deemed expedient. In case the Trustee shall have proceeded to enforce any right under this Indenture, and such proceedings shall have been discontinued or abandoned because of waiver or for any other reason, or shall have been determined adversely to the Trustee, then and in every such case the Authority and the Trustee, and the Holders of the Notes, severally and respectively, shall be restored to their former positions and rights hereunder in respect to the trust estate; and all remedies, rights and powers of the Authority, the Trustee and the Holders of the Notes shall continue as though no such proceedings had been taken.

SECTION 7.05. Remedies Cumulative. No remedy herein conferred upon or reserved to the Trustee or to any Holder of the Notes is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

SECTION 7.06. Covenant to Pay Notes in Event of Default. The Authority covenants that, upon the happening of any Event of Default, the Authority will pay, but only out of Payments, to the Trustee, upon demand, for the benefit of the Holders of the Notes, subject to Section 11.06, the whole amount then due and payable thereon (by declaration or otherwise) for interest and principal as the case may be, and all other sums which may be due hereunder or secured hereby, including reasonable compensation to the Trustee and its agents and counsel and any expenses or liabilities incurred by the Trustee hereunder and, its agents and counsel. In case the Authority shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to institute proceedings at law or in equity in any court of competent jurisdiction to recover judgment for the whole amount due and unpaid, together with costs and reasonable attorneys' fees, subject, however, to the condition that such judgment, if any, shall be limited to, and payable solely out of, Payments as herein provided and not otherwise. The Trustee shall be entitled to recover such judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of this Indenture, and the right of the Trustee to recover such judgment shall not be affected by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture.

SECTION 7.07. Trustee Appointed Agent for Noteholders. The Trustee is hereby appointed the agent and attorney-in-fact of the Holders of all Notes Outstanding hereunder for the purpose of filing any claims relating to the Notes.

SECTION 7.08. Power of Trustee to Control Proceedings. Subject to Section 7.09 hereof, in the event that the Trustee, upon the happening of an Event of Default, shall have taken some action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Holders of a majority in aggregate principal amount of the [respective Series of Notes] then Outstanding, subject to Section 11.06, it shall have full

power, in the exercise of its discretion for the best interests of such Holders of the Notes, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Holders of at least a majority in aggregate principal amount of the [respective Series of Notes] Outstanding hereunder, subject to Section 11.06, opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

SECTION 7.09. Limitation on Noteholders' Right to Sue. Notwithstanding any other provision hereof, no Holder of any Note issued hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture or the Loan Agreements, unless (a) such Holder shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Holders of at least a majority in aggregate principal amount of all the Notes then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Holders of the Notes or respective Series of Notes shall have tendered to the Trustee indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Holder of Notes of any remedy hereunder; it being understood and intended that no one or more Holders of Notes shall have any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Holders of the Outstanding Notes.

The right of the Banks to receive payment of amounts owed under the Reimbursement Agreements and of any Holder of any Note to receive payment of the principal of and interest on such Note out of Payments and the funds pledged herein, as herein provided, on and after the respective due dates expressed in such Reimbursement Agreements and Notes, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the effected Bank or such Holder, notwithstanding the foregoing provisions of this Section or Section 7.08 of this Indenture or any other provision of this Indenture.

SECTION 7.10. Authority Retained Rights. Nothing in this Article shall limit in any respect the right of the Authority to enforce or waive any of its Retained Rights under the Loan Agreements.

ARTICLE VIII

THE TRUSTEE

SECTION 8.01. Duties, Immunities and Liabilities of Trustee. (a) The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured and no implied duties (including fiduciary duties) shall be imposed on the Trustee, exercise such of the rights and powers vested in it by this Indenture, 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 his or her own affairs.

(b) The Authority may remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing (unless an Event of Default shall have occurred and then be continuing) or at any time by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate principal amount of the Notes then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and the Banks, and thereupon shall appoint, with the written consent of the Banks (such consent required so long as such Bank is not in default of its obligation to honor a draw on its Letters of Credit), a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority and the Banks, and by giving the Noteholders notice of such resignation by mail at the addresses shown on the Note registration books maintained by the Trustee. Upon receiving such notice of resignation, the Authority shall appoint, with the written consent of the Banks (such consent required so long as such Bank is not in default of its obligation to honor a draw on its Letters of Credit), a successor Trustee by an instrument in writing shall be appointed by the Authority.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, a Bank or any Noteholder (on behalf of himself and all other Noteholders) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the Authority or the request of the successor Trustee, such

predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and conveying to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall mail a notice of the succession of such Trustee to the trusts hereunder to the Noteholders at the addresses shown on the Note registration books maintained by the Trustee. If the Authority fails to mail such notice within thirty (30) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under the provisions of this Indenture shall be a national banking association, a trust institution or banking institution having trust powers, doing business and having a principal corporate trust office in California or, if it shall not have a principal corporate trust office in California, having the power under California law to perform all the duties of the Trustee hereunder as evidenced by an opinion of its counsel, having, or if it is a member of a bank holding company system its parent shall have, a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000 and subject to supervision or examination by State or federal authorities. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(f) Upon the occurrence and continuance of an Event of Default, before taking any action which may subject the Trustee to liability under any Environmental Law, the Trustee may require that a satisfactory indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such action. The term "Environmental Laws" shall mean all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances and codes relating to the protection of the environment or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Substances and the rules, regulations, policies, guidelines, interpretations, decisions, orders and directives of federal, state and local governmental agencies and authorities with respect thereto.

SECTION 8.02. Merger or Consolidation. Any company into which any successor Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the successor Trustee, if any, may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) of Section 8.01 hereof, shall be the successor to such successor Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 8.03. Rights of Trustee. (a) The recitals of facts herein and in the Notes contained shall be taken as statements of the Authority, and the Trustee does not assume any responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture, the Loan Agreements, or the Notes, or incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Notes assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Notes. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of the Notes at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Noteholders pursuant to the provisions of this Indenture unless such Noteholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

(e) The Trustee shall not be deemed to have knowledge of any Event of Default other than an Event of Default under Section 7.01(a) or 7.01(b) hereof unless and until a Responsible Officer of the Trustee shall have actual knowledge thereof, or shall have received written notice thereof, at its Principal Corporate Trust Office. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Notes or as to the existence of an Event of Default hereunder.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of its rights or powers. The Trustee has no obligation or liability to the Noteholders for the payment of interest or principal with respect to the Notes.

(g) The Trustee shall not be bound to ascertain or inquire as to the validity or genuineness of any collateral given to or held by it. The Trustee shall not be responsible for the recording or filing of any document relating to this Indenture or of financing statements (or continuation statements in connection therewith) or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests in any collateral given to or held by it.

(h) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

(i) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Borrowers elect to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. 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 instructions conflict or are inconsistent with a subsequent written instruction. Each Borrower agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions 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.

(j) 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 but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(k) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, affiliates, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Trustee shall not be answerable for the acts or omissions of any such attorney, agent, or receiver selected by it with reasonable care.

(l) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Notes.

(m) The Trustee shall not be required to review or inspect, and shall not be deemed to have notice of, the contents of any financial statement delivered to the Trustee, it being expressly understood that the Trustee shall only receive and hold such documents as a repository for examination and copying by any Holder at such Holder's expense during business hours on Business Days with reasonable prior notice.

(n) Whether or not therein expressly so provided, every provision of this Indenture, the Loan Agreements or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article.

(o) To the fullest extent permitted by law and notwithstanding anything in this Indenture to the contrary, the Trustee shall not be personally liable for (i) special, consequential or punitive damages, however styled, including, without limitation, lost profits or (ii) the acts or omissions of any nominee, correspondent, clearing agency, or securities depository through which it holds securities or assets.

SECTION 8.04. Right of Trustee to Rely on Documents. The Trustee shall be protected in acting upon any notice, requisition, resolution, request, consent, order, certificate, report, opinion, Note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee shall not be bound to recognize any person as the Holder of a Note unless and until such Note is submitted for inspection, if required, and his title thereto is satisfactorily established, if disputed.

Whenever in the administration of the trusts imposed upon it by this Indenture 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 in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

SECTION 8.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Authority and any Noteholder, and their agents and representatives duly authorized in writing, at reasonable hours, upon reasonable notice and under reasonable conditions.

SECTION 8.06. Compensation and Indemnification of Trustee. The Authority (solely from Payments received from the Borrowers) shall from time to time, subject to any agreement between the Authority and the Trustee then in force, pay to the Trustee compensation for its services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties hereunder of the Trustee, which compensation shall not be limited by any provision of law with respect to the compensation of a trustee of an express trust, and the Authority will reimburse the Trustee for all its advances (with interest on such advances at the maximum rate allowed by law) and expenditures, including but not limited to advances to and fees and expenses of independent accountants, counsel (including in-house counsel to the extent not duplicative of other counsel's work) and engineers or other experts employed by it, and reasonably required, in the exercise and performance of its powers and duties hereunder. The Authority covenants and agrees to indemnify the Trustee (solely from Payments received from the Borrowers) against any loss, expense and liability (other than those which are due to the Trustee's negligence or default) which it may incur arising out of or in the exercise and

performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability. The obligations of the Authority under this Section shall survive resignation or removal of the Trustee hereunder and payment of the Notes and discharge of this Indenture.

ARTICLE IX

MODIFICATION OF INDENTURE

SECTION 9.01. Modification without Consent of Noteholders. Subject to the conditions and restrictions contained in this Indenture, the Authority and the Trustee, from time to time and at any time, may (with the written consent of each Bank, so long as such Bank is not in default of its obligation to honor a draw on the respective Letter of Credit) enter into an indenture or indentures supplemental hereto, which indenture or indentures thereafter shall form a part hereof, including, without limitation, for one or more of the following purposes, provided that the Authority and the Trustee shall have received an Opinion of Note Counsel to the effect that such amendment or modification is permitted by this Indenture:

(a) to add to the covenants and agreements of the Authority contained in this Indenture, other covenants and agreements thereafter to be observed, or to assign or pledge additional security for the Notes, or to surrender any right or power herein reserved to or conferred upon the Authority; provided such amendment or modification will not materially and adversely affect the interests of the Holders of the Notes;

(b) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing, correcting or supplementing any defective provision, contained in this Indenture, or in regard to such matters or questions arising under this Indenture as the Authority may deem necessary or desirable and not inconsistent with this Indenture; provided such amendment or modification will not materially and adversely affect the interests of the Holders of the Notes;

(c) to modify, amend or supplement this Indenture or any indenture supplemental hereto in such manner as to permit the qualification hereof or thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and, if they so determine, to add to this Indenture or any indenture supplemental hereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939, as amended, or similar federal statute; provided such amendment or modification will not materially and adversely affect the interests of the Holders of the Notes;

(d) in connection with an amendment of any agreement permitted by Section 6.06 hereof for the purpose of conforming the terms, conditions and covenants of this Indenture to the corresponding or related provisions of such amended agreement;

(e) to modify or eliminate the book-entry registration system for the Notes; or

(f) to comply with requirements of a Rating Agency in order to obtain or maintain a rating on any Notes.

Any supplemental indenture authorized by the provisions of this Section 9.01 may be executed by the Authority and the Trustee without the consent of the Holders of any of the Notes at the time Outstanding, notwithstanding any of the provisions of Section 9.02 hereof, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

The Trustee shall mail an executed copy of a supplemental indenture authorized by this Section 9.01 and any document related thereto or executed in connection therewith to each Borrower and each Rating Agency then rating the Notes promptly after execution by the Authority and the Trustee. The Authority shall mail drafts of any such documents to such parties prior to execution thereof.

SECTION 9.02. Modification with Consent of Noteholders. With the consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time Outstanding and with the written consent of each Bank, so long as such Bank is not in default of its obligation to honor a draw on the respective Letter of Credit, the Authority and the Trustee may from time to time and at any time, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture; provided, however, that no such supplemental indenture shall (1) extend the fixed maturity of any Notes or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof or (2) reduce the aforesaid percentage of Holders of Notes whose consent is required for the execution of such supplemental indentures or extend the time of payment or permit the creation of any lien on the Payments or the assets pledged herein prior to or on a parity with the lien of this Indenture or deprive the Holders of the Notes of the lien created by this Indenture upon the Payments or the assets pledged herein, without the consent of the Holders of all of the Notes then Outstanding. Upon the filing with the Trustee of evidence of the consent of Noteholders, as aforesaid, the Trustee shall join with the Authority in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Noteholders under this Section 9.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Authority and the Trustee of any supplemental indenture pursuant to the provisions of this Section, the Authority shall mail a notice to the Trustee setting forth in general terms the substance of such supplemental indenture, and the Trustee, upon receipt of such notice, shall mail such notice to each Borrower and the Noteholders at the addresses shown on the Note registration books maintained by the Trustee, at the expense of the Borrowers. Any failure of the Authority or the Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

The Trustee shall mail an executed copy of such supplemental indenture and any amendment of any Loan Agreement permitted under Section 6.06, hereof, and any supplement or amendment to either Letter of Credit or Reimbursement Agreement (including any expiration,

extension, substitution or termination of the Letter of Credit) to each Rating Agency then rating the Notes promptly after execution by the Authority, the Trustee, and in the case of a Loan Agreement, the affected Borrowers. The Authority shall mail drafts of any such documents to such parties prior to execution thereof.

SECTION 9.03. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions of this Article IX this Indenture shall be, and shall be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Authority, the Trustee and all Holders of Outstanding Notes shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 9.04. Opinion of Counsel as to Supplemental Indenture. Subject to the provisions of Section 8.04 of this Indenture and the requirement in Sections 9.01 and 9.02 hereof for an Opinion of Note Counsel, the Trustee and the Authority may receive an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to the provisions of this Article IX complies with the requirements of this Article IX and shall have no liability to Holders in excluding any Supplemental Indenture in reliance on an Opinion of Note Counsel.

SECTION 9.05. Notation of Modification on Notes; Preparation of New Notes. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article IX may bear a notation, in form approved by the Authority, as to any matter provided for in such supplemental indenture, and if such supplemental indenture shall so provide, new Notes, so modified as to conform, in the opinion of the Authority, to any modification of this Indenture contained in any such supplemental indenture, may be prepared by the Authority, authenticated by the Trustee and delivered without cost to the Holders of the Notes then Outstanding, upon surrender for cancellation of such Notes, in equal aggregate principal amounts.

ARTICLE X

NOTE DEFEASANCE

SECTION 10.01. Discharge of Liability on Notes. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.02 hereof) to pay any Outstanding Note, whether upon or prior to its maturity, including without limitation any allocable compensation due and owing the Trustee hereunder and all sums payable or which may become payable under the related Reimbursement Agreement, as verified by the related Bank to the Trustee in writing, then all liability of the Authority in respect of such Note shall cease, terminate and be completely discharged, except only that thereafter the Holder thereof shall be entitled to payment of the principal of and interest on such Note, and the Authority shall remain liable for such payment but only out of the money or securities deposited with the Trustee as aforesaid for its payment; provided further, however, that the provisions of Section 10.03 hereof shall apply in all events.

The Notes may at any time be surrendered to the Trustee for cancellation by the Authority or the Borrowers, which may have been acquired in any manner whatsoever, and such Notes, upon such surrender and cancellation, shall be deemed to be paid and retired.

SECTION 10.02. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the amount necessary to pay any Notes, such amount (which may include money or securities held by the Trustee in the funds established pursuant to this Indenture) shall be equal (taking into account income which will accrue from the investment thereof on the date of deposit of such funds but without taking into account any income from the subsequent reinvestment thereof) to the principal amount of such Notes and all unpaid interest thereon to maturity, and shall be:

(a) lawful money of the United States of America; or

(b) noncallable bonds, bills and bonds issued by the Department of the Treasury (including without limitation (1) obligations issued or held in book-entry form on the books of the Department of the Treasury and (2) the interest component of Resolution Funding Corporation strips for which separation of principal and interest is made by request to the Federal Reserve Bank of New York in book-entry form), United States Treasury Obligations State and Local Government Series and Zero Coupon United States Treasury Bonds;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Request of the Borrowers or the Authority) to apply such money to the payment of such principal of and interest on such Notes and provided, further, that the Authority and the Trustee shall have received (i) an Opinion of Note Counsel to the effect that the Notes to be discharged are no longer Outstanding; and (ii) a verification report of a firm of certified public accountants or other financial services firm acceptable to the Trustee verifying that the money or securities so deposited or held together with earnings thereon will be sufficient to make all payments of principal of and interest on the Notes to be discharged to and including their maturity date.

SECTION 10.03. Payment of Notes after Discharge of Indenture. Notwithstanding any provision of this Indenture, and subject to applicable escheat laws, any moneys held by the Trustee in trust for the payment of the principal of or interest on any Notes and remaining unclaimed for one year after the principal of all the Outstanding Notes has become due and payable (whether at maturity or by declaration as provided in this Indenture), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Notes became due and payable, shall be repaid to the Borrowers free from the trusts created by this Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Borrowers as aforesaid, the Trustee may (at the expense of the Borrowers) first mail to the Holders of Notes which have not yet been paid, at the addresses shown on the registration books maintained by the Trustee, a notice, in such form as may be deemed appropriate by the Trustee, with respect to the Notes so payable and not presented and with respect to the provisions relating to the repayment to the Borrowers of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. Liability of Authority Limited to Payments. Principal of and interest on the Notes are payable solely from Payments. Neither the State nor the Authority shall be obligated to pay the Notes or the interest thereon except from certain Payments set forth herein, and neither the faith and credit nor the taxing power of the State or of any political subdivision thereof shall be pledged to the payment of the principal of or the interest on the Notes. 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 whatever therefor or to make any appropriation for their payment. The Authority shall not be treated or deemed as having incurred any liability hereunder or by reason of or in connection with this Indenture, the Loan Agreements, the Letters of Credit, the Reimbursement Agreements or any of the transactions contemplated by any thereof except to the extent payable from certain Payments set forth herein or other amounts available therefor under and pursuant to this Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes of this Indenture any funds of the Authority which may be made available to it for such purposes.

SECTION 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either the Authority, the Trustee or a Bank is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Authority, the Trustee or such Bank shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

SECTION 11.03. Limitation of Rights to Parties, Borrowers and Noteholders. Nothing in this Indenture or in the Notes expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the Borrowers, the Holders of the Notes and the Banks any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the Borrowers, the Holders of the Notes and the Banks.

SECTION 11.04. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 11.05. Destruction of Notes. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Notes, the Trustee shall, in lieu of such cancellation and delivery, destroy such Notes (in the presence of an officer of the Authority, if the Authority shall so require) and at the request of the Authority deliver a certificate of such destruction to the Authority.

SECTION 11.06. Bank Deemed Owner; References to Bank. Notwithstanding anything contained herein to the contrary, so long as the respective Bank is not in default of its

obligation to honor draws under the related Letter of Credit, such Bank shall at all times be deemed to be the sole and exclusive Holder of the Series of Outstanding Notes supported by such Bank's Letter of Credit, for the purpose of all approvals, consents, waivers, institution of any action and the direction of all remedies. Notwithstanding any provisions contained herein to the contrary, after the expiration or termination of the related Letter of Credit and after all obligations owed to the related Bank pursuant to the related Reimbursement Agreement have been paid in full or discharged, all references to the Bank contained herein shall be null and void and of no further force and effect.

SECTION 11.07. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Notes shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Notes pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

SECTION 11.08. Notices. Unless otherwise provided herein, all notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given (a) if hand delivered or delivered by courier, when delivered to the appropriate notice address, or (b) if mailed by first class mail, postage prepaid, six Business Days after deposit in the United States mail addressed to the appropriate notice address. Any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day. The parties listed below may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice required or permitted hereunder shall be directed to the following notice address:

As to the Authority:

California School Finance Authority
State Treasurer's Office
304 S. Broadway, Suite 550
Los Angeles, California 90013
Attention: Executive Director
Telecopy: (213) 620-6309

As to the Borrowers:	See Each Loan Agreement
As to Trustee:	U.S. Bank National Association One California Street, Suite 1000 San Francisco, California 94111 Attention: Global Corporate Trust Telephone: (415) 677-3602 Telefax: (415) 677-3768 Email: mary.wong@usbank.com
As to Series 1 Bank:	[Citibank, N.A.] [Address To Come] Attention: Telephone: Telefax: Email:
As to Series 2 Bank:	[Royal Bank of Canada] [Address To Come] Attention: Telephone: Telefax: Email:

SECTION 11.09. Evidence of Rights of Noteholders. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Noteholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Noteholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Notes transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and of the Authority if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Notes shall be proved by the note registration books held by the Trustee.

Any request, consent, or other instrument or writing of the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued in exchange therefor or

in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

SECTION 11.10. Disqualified Notes. In determining whether the Holders of the requisite aggregate principal amount of Notes have concurred in any demand, request, direction, consent or waiver under this Indenture, Notes which are owned or held by or for the account of the Authority or the Borrowers or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the Borrowers shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Notes so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Notes and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the Borrowers. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Authority and the Borrowers shall specify in a certificate to the Trustee those Notes disqualified pursuant to this Section and the Trustee may conclusively rely on such certificate.

SECTION 11.11. Money Held for Particular Notes. The money held by the Trustee for the payment of the interest, principal due on any date with respect to particular Notes shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Notes entitled thereto and for the Banks.

SECTION 11.12. Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable, and for the protection of the security of the Notes and the rights of every Holder thereof and of the Banks.

SECTION 11.13. Waiver of Personal Liability. No member, officer, agent or employee of the Authority shall be individually or personally liable for the payment of the principal or interest on the Notes or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or by this Indenture.

SECTION 11.14. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 11.15. Governing Law; Venue. The laws of the State of California govern all matters arising out of or relating to this Indenture and the Notes, including, without limitation, their validity, interpretation, construction, performance, and enforcement. Any party bringing a legal action or proceeding against any other party arising out of or relating to this Indenture shall

bring the legal action or proceeding in Sacramento County Superior Court, Sacramento, California, unless the Authority waives this requirement in writing. Each party agrees that the exclusive (subject to waiver as set forth herein) choice of forum set forth in this section does not prohibit the enforcement of any judgment obtained in that forum or any other appropriate forum. Each party waives, to the fullest extent permitted by law, (a) any objection which may now or later have to the laying of venue of any legal action or proceeding arising out of or relating to this Indenture brought in the Sacramento County Superior Court, Sacramento, California, and (b) any claim that any such action or proceeding brought in such court has been brought in an inconvenient forum.

SECTION 11.16. Complete Agreement. This Indenture represents the complete agreement between the parties with respect to the Notes and related matters.

SECTION 11.17. Action to be Taken on Days Other Than Business Days. Except as otherwise provided herein, whenever this Indenture requires any action to be taken on a day which is not a Business Day, such action shall be taken on the next succeeding Business Day with the same force and effect as if taken on such day. If any payment is made on the next Business Day as aforesaid, no interest shall accrue for the intervening period.

IN WITNESS WHEREOF, the CALIFORNIA SCHOOL FINANCE AUTHORITY has caused this Indenture to be signed in its name by a Deputy Treasurer for the Chair and its Executive Director, and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its name by a deputy hereunto duly authorized, all as of the day and year first above written.

**CALIFORNIA SCHOOL FINANCE
AUTHORITY**

By: _____
Deputy Treasurer For Chair,
State Treasurer, Fiona Ma

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

FORM OF NOTE

Unless this Note is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

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 CALIFORNIA SCHOOL FINANCE AUTHORITY, AND ARE NOT AND SHALL NOT BE DEEMED TO BE A PLEDGE OF THE FAITH AND CREDIT OF THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF THE NOTES, OR INTEREST THEREON, EXCEPT FROM THE FUNDS PROVIDED THEREFOR UNDER THE INDENTURE. THE ISSUANCE OF THE NOTES SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF CALIFORNIA 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. NOTHING IN THE INDENTURE, THE ACT OR OTHERWISE IS AN UNDERTAKING BY THE AUTHORITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO FUND THE TRANSFERS DESCRIBED IN THE INTERCEPT NOTICES OR TO MAKE FUNDS AVAILABLE TO THE BORROWERS IN ANY AMOUNT OR AT ANY TIME.

REGISTERED

REGISTERED

No. R-__

\$_____

**CALIFORNIA SCHOOL FINANCE AUTHORITY
REVENUE NOTES
(ASAP PROGRAM)
SERIES 2021__ - __
(FEDERALLY TAXABLE)**

Rate of Interest:	Maturity Date:	Dated Date:	CUSIP:
_____ %	_____, 202__	_____, 2021	[_____]

Registered Owner: Cede & Co.

Principal Amount: _____ DOLLARS

CALIFORNIA SCHOOL FINANCE AUTHORITY, a public instrumentality of the State of California (the “Authority”), for value received, hereby promises to pay (but only out of the Payments and other assets pledged therefor as hereinafter mentioned) to CEDE & CO. or registered assigns, on the maturity date specified above, the principal sum of _____ DOLLARS (\$_____), in lawful money of the United States of America; and to pay interest thereon (but only from said Payments and other assets pledged therefor) in like lawful money from the date hereof until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the rate stated above, payable on the Maturity Date. The principal hereof is payable at the Principal Corporate Trust Office (as defined in the Indenture) of U.S. Bank National Association (together with any successor Trustee as provided in the Indenture, as defined below, the “Trustee”). Interest hereon is payable by check mailed on the maturity date to the registered owner hereof as of the fifteenth day of the month immediately preceding the month in which the maturity date occurs (except with respect to defaulted interest) (the “Record Date”) at the address appearing on the registration books maintained by the Trustee; provided, however, that the holder of \$1,000,000 or more in aggregate principal amount of Notes may be paid by wire transfer to an account within the United States of America upon written request filed with the Trustee by the applicable Record Date for such payment.

Principal of and interest on the Notes is payable solely from Payments. Neither the State nor the Authority shall be obligated to pay the Notes or the interest thereon except from Payments set forth in the Indenture, and neither the faith and credit nor the taxing power of the State or of any political subdivision thereof shall be pledged to the payment of the principal of or the interest on the Notes. 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 whatever therefor or to make any appropriation for their payment. The Authority shall not be treated or deemed as having incurred any liability under the Indenture or by reason of or in connection with the Indenture, the Loan Agreements or any of the transactions contemplated by any thereof except to the extent payable from certain Payments set forth in the Indenture or other amounts available

therefor under and pursuant to the Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes of the Indenture any funds of the Authority which may be made available to it for such purposes. The Notes are not a debt of the State of California and said State is not liable for payment thereof.

This Series 2021__-__ Note is entitled “California School Finance Authority Revenue Notes (ASAP Program) Series 2021__-__ (Federally Taxable)” (herein called the “Notes”), limited in aggregate principal amount of _____ dollars (\$ _____) and issued pursuant to the provisions of 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) (herein called the “Act”) and an indenture, dated as of March 1, 2021, between the Authority and the Trustee (herein called the “Indenture”).

The Notes are issuable only as fully registered Notes in denominations of \$_____ or any integral multiple of \$5,000 in excess thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, Notes may be exchanged, at the Principal Corporate Trust Office, for a like aggregate principal amount of Notes of other authorized denominations.

Reference is hereby made to the Indenture (a copy of which is on file at said Principal Corporate Trust Office) and all indentures supplemental thereto, to the Loan Agreements (a copy of the forms of which is on file at said Principal Corporate Trust Office) and to the Act for a description of the rights thereunder of the registered owners of the Notes, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the Authority thereunder, to all the provisions of which Indenture and Loan Agreements the registered owner of this Note, by acceptance hereof, assents and agrees.

The Notes are secured by a pledge and assignment of Payments and of amounts held in the funds and accounts established pursuant to the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

The Notes have the benefit of a Letter of Credit issued by _____ (the “Bank”). Such Letter of Credit entitles the Trustee to draw an amount sufficient to pay the principal or and interest on the Notes on the Maturity Date.

This Note is transferable by the registered owner hereof, in person or by such person’s attorney duly authorized in writing, at the Principal Corporate Trust Office, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Note. Upon such transfer a Note or Notes, of authorized denomination or denominations and for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Authority and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Note

do exist, have happened and have been performed in due time, form and manner as required by the provisions of the Act and by the Constitution and laws of the State of California, and that the amount of this Note, together with all other indebtedness of the Authority, does not exceed any limit prescribed by the Act, or by the Constitution and laws of the State of California, and is not in excess of the amount of 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 and registration hereon endorsed shall have been signed by the Trustee.

This Note shall be construed in accordance with and governed by the Constitution and the laws of the State of California applicable to contracts made and performed in the State of California.

IN WITNESS WHEREOF, the California School Finance Authority has caused this Note to be executed in its name and on its behalf by the facsimile signature of its Chair, as of the Dated Date recited above.

**CALIFORNIA SCHOOL FINANCE
AUTHORITY**

By: _____
Chair

**[FORM OF TRUSTEE'S CERTIFICATE OF
AUTHENTICATION AND REGISTRATION]**

This is one of the Notes described in the within-mentioned Indenture which has been authenticated and registered this _____.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto

(print or type name, address, taxpayer identification no.
and zip code of assignee)

the within-mentioned registered Note and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature

NOTE: The signature to the assignment must correspond to the name as written on the face of this Note in every particular, without any alteration or change whatsoever.

Signature Guaranteed By: _____

NOTE: The signature(s) to the assignment must be guaranteed by an eligible guarantor institution.

EXHIBIT B

FORM OF REQUISITION FROM THE WORKING CAPITAL FUND

The undersigned authorized representative of [BORROWER], a California nonprofit public benefit corporation (the “Borrower”) hereby requests U.S. Bank National Association, as trustee (the “Trustee”) under that certain Indenture, dated as of March 1, 2021 (the “Indenture”), between the California School Finance Authority and the Trustee, to pay to the Borrower to the account set forth below, \$ _____ for the purposes indicated from amounts allocable to the Borrower currently on deposit in the Working Capital Fund established and maintained under the Indenture.

The Borrower hereby certifies that (a) no Event of Default has occurred under the applicable Loan Agreement; (c) the Borrower’s representations and warranties under the applicable Loan Agreement remain true and correct; (d) the amount of the disbursement hereby requested does not exceed the amount scheduled to be disbursed to Borrower on the or about the date hereof as set forth in Exhibit D to the Indenture and (e) each of the Borrower’s charter schools remains open, operational and eligible to receive the Deferred Payment from the State that is the basis for this Requisition (see attached information). [Conform to conditions set forth in Section 5.07]

All payments shall be made by check or wire transfer in accordance with payment instructions above and the Trustee shall have no duty or obligation to authenticate such payment instructions or the authorization thereof except to confirm this Requisition to the schedules and amounts set forth in Exhibit D to the Indenture.

The undersigned two officers of the Borrower hereby confirm that they have verified the accuracy of the forgoing statements made by the Borrower.

Dated: _____

[BORROWER], a California nonprofit public
benefit corporation

By: _____

By: _____

[The undersigned on behalf of the Authority and to the extent set forth in Section 5.07 of the Indenture applicable to review and approval by the Authority, hereby accepts the accuracy of the forgoing statements made by the Borrower and approve this Requisition.]

Dated: _____

**CALIFORNIA SCHOOL FINANCE
AUTHORITY**

By: _____
Authorized Signatory

EXHIBIT C

FORM OF REQUISITION FROM THE COSTS OF ISSUANCE FUND

The undersigned authorized representative of the CALIFORNIA SCHOOL FINANCE AUTHORITY, a public instrumentality of the State of California (the "Authority") hereby requests U.S. Bank National Association, as trustee (the "Trustee") under that certain Indenture, dated as of March 1, 2021 (the "Indenture"), between the California School Finance Authority and the Trustee, to pay to the Persons listed on Schedule I attached hereto, the amounts shown for the purposes indicated from the Costs of Issuance Fund established and maintained under the Indenture.

All payments shall be made by check or wire transfer in accordance with payment instructions contained in Schedule I and the Trustee shall have no duty or obligation to authenticate such payment instructions or the authorization thereof.

Dated: _____

**CALIFORNIA SCHOOL FINANCE
AUTHORITY**

By: _____

EXHIBIT D

BY SERIES LIST OF BORROWERS, SCHEDULED DEFERRAL AMOUNTS PER SCHOOL, MONTHLY REQUISITION AMOUNTS, DEPOSITS AMOUNTS TO THE REVENUE FUND PER SCHOOL AND ALLOCATION OF COSTS OF ISSUANCE

LOAN AGREEMENT

between

CALIFORNIA SCHOOL FINANCE AUTHORITY

and

[BORROWER]

Dated as of March 1, 2021

Relating to:

**CALIFORNIA SCHOOL FINANCE AUTHORITY
REVENUE NOTES
(ASAP PROGRAM)
SERIES 2021 -
(FEDERALLY TAXABLE)**

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THIS LOAN AGREEMENT (this “Loan Agreement”), dated as of March 1, 2021, is by and between the **CALIFORNIA SCHOOL FINANCE AUTHORITY** (the “Authority”), a public instrumentality of the State of California, and [**BORROWER**], a California nonprofit public benefit corporation (the “Borrower”).

WITNESSETH:

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 other evidences of indebtedness, and loan the proceeds thereof for purposes of financing and refinancing the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of educational facilities (as defined in the Act) and/or for purposes of paying working capital for a participating party (as defined in the Act), including an entity that undertakes the financing or refinancing of a project (as defined in the Act) pursuant to the Act in conjunction with schools (“charter schools”) established pursuant to the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the Education Code) (the “Charter School Law”);

WHEREAS, [**Borrower**], a California nonprofit public benefit corporation, has applied for a loan of proceeds of revenue notes of the Authority to finance working capital (as defined in the Act) for [certain of] its charter schools through the Authority’s ASAP Program (the “Program”);

WHEREAS, the working capital financing will benefit the Borrower, the operator of one or more charter schools established pursuant to the Charter School Law and a California nonprofit public benefit corporation;

WHEREAS, the Authority proposes to issue its California School Finance Authority Revenue Notes (ASAP Program), Series 2021__ - __ (Federally Taxable) (the “Notes”) in the aggregate principal amount of \$_____ pursuant to 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”);

WHEREAS, an amount equal to \$_____ of the proceeds of the sale of the Notes will be applied to fund a loan (the “Loan”) to the Borrower to (i) finance working capital, (ii) finance capitalized interest on the Notes, (iii) fund a credit enhancement fee, and (iv) pay certain expenses incurred in connection with the issuance of the Notes;

WHEREAS, the Authority and the Borrower desire to enter into this Loan Agreement to specify the terms and conditions of the Loan by the Authority to the Borrower of a portion of the proceeds of the sale of the Notes;

WHEREAS, under this Loan Agreement, the Borrower is required to make Loan Repayments (defined herein) sufficient to pay when due the principal of, and interest on, the Loan;

WHEREAS, each of the Authority and the Borrower has duly authorized the execution, delivery and performance of this Loan Agreement;

WHEREAS, the payment obligation of the Borrower hereunder shall be absolute and unconditional obligations;

WHEREAS, the Borrower has further elected to provide for payment of its payments due under the Loan, and in turn, its share of the debt service on the Notes, amounts owed under the Reimbursement Agreements (as defined below) and related costs of issuance pursuant to and in accordance with Section 17199.4 of the Act (the “Election”);

WHEREAS, Section 17199.4(c) of the Act provides that, to participate under such Section, the participating party shall provide written notice of such Election to the Controller (each, a “Intercept Notice”), which Intercept Notice shall include payment delivery instructions for the payee of the Loan Repayments and a schedule of the Loan Repayments subject to the Election (collectively, the “Repayment Amounts”);

WHEREAS, the CDE has responsibility under law to determine the principal apportionments due to each public charter school under the laws of the State during each fiscal year;

WHEREAS, the Repayment Amounts due under this Loan Agreements will be made primarily from the deferred apportionments of the Borrower related to fiscal year 2020-21 (the “2020-21 Fiscal Year”) for each of the Borrower’s charter schools participating in the Program (each, a “School” and, collectively, the Schools”);

WHEREAS, the Notes have the benefit of the Series ___ Letter of Credit issued by Citibank, N.A. and the Series ___ Letter of Credit issued by Royal Bank of Canada (each a “Bank” and, together, the “Banks”), each supporting a *pro rata* share of the principal of and interest on such Notes, and each Letter of Credit has been issued by the respective Bank pursuant to a Reimbursement Agreement, dated as of March 1, 2021 (each, a “Reimbursement Agreement” and, together the “Reimbursement Agreements”), by and between the Authority and the respective Bank; and

WHEREAS, the Authority has determined that all acts and proceedings required by law and necessary to constitute this Loan Agreement a valid and binding legal agreement of the Authority for the uses and purposes herein set forth, in accordance with its terms, have been done and taken, and the execution and delivery of this Loan Agreement by the Authority have been in all respects duly authorized;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 **Definitions.** Unless the context otherwise requires, all terms used herein shall have the meanings assigned to such terms in Section 1.01 of the Indenture. In addition, for ease of reference, the following terms shall have the following meanings:

“Authorized Borrower Representative” means the such person as may be designated by the governing board of the Borrower as an authorized signatory of such Borrower, by written certificate furnished to the Authority and the Trustee. Such certificate shall contain the specimen signature of such person, shall be signed on behalf of the Borrower by any officer of the Borrower and may designate an alternate or alternates.

“Borrower’s Proportionate Share” means that pro rata percentage equal to the principal amount of the Borrower’s Loan as a percentage of the aggregate principal amount of the Notes.

“Deferral Amounts” means, as to the Borrower and its charter schools participating in the Program, the total funds deferred by the State from apportionments originally due to the Borrower during the Deferral Months identified in the Intercept Schedule, subject to change as provided in the MOU and Intercept Notices.

“Deferral Months” means the months of February through and including June 2021 to certain dates in July through and including November 2021, subject to change as provided in the MOU and Intercept Schedule.

“Intercept Schedule” means that schedule of repayment amounts, dates and repayment periods which the Authority shall provide, or cause to be provided, for the Borrower in accordance with the Intercept Notice and the MOU.

“Letter of Credit” means the irrevocable, direct pay letter of credit issued by the Bank for the benefit of the Trustee contemporaneously with the original delivery of the Notes.

“Maturity Date” means the maturity date for the Notes, which occurs on December 30, 2021.

“MOU” means the Memorandum of Understanding, dated as of _____, 2021, by and among the Authority, the Controller, and the California Department of Education, as now in effect and as it may from time to time hereafter be amended or supplemented.

“Pledged Revenues” means all of the Borrower’s revenues generated from the operation of its charter schools, including, without limitation all State Aid Subject to Apportionment available to the Borrower.

“Release Date” means [July 29, 2021].

“Reimbursement Agreement” means the Reimbursement Agreement, dated as of March 1, 2021, by and between the Bank and the Authority providing for the issuance of the Series __ Letter of Credit.

“Repayment Period” means each Repayment Period identified in the Intercept Notice executed and delivered by the Borrower relating to the Notes.

“Series 2021A Notes” means that series of the California School Finance Authority Revenue Notes (ASAP Program) designated as Series 2021A-1 and Series 2021A-2.

Section 1.02 **Interpretation.** In this Loan Agreement, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “herein,” “hereunder,” “hereinafter” and any similar terms as used in this Loan Agreement, refer to this Loan Agreement as a whole and not to a particular section or provision of this Loan Agreement, and the term “heretofore” shall mean before, and the term “hereafter” shall mean after, the effective date of this Loan Agreement.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders, and words importing the singular number shall mean and include the plural number, and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons.

(d) Any headings or titles preceding the texts of the several Articles and Sections of this Loan Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall neither constitute a part of this Loan Agreement nor affect its meaning, construction or effect.

(e) Any certificates, letters or opinions required to be given pursuant to this Loan Agreement shall mean a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Loan Agreement.

(f) Every “request,” “order,” “demand,” “application,” “notice,” “statement,” “certificate,” “consent,” “instruction,” or similar action hereunder shall, unless the form thereof is specifically provided herein, be in writing, and in the case of the Authority or the Borrower, signed by an Authorized Representative of the Authority or Authorized Borrower Representative, as the case may be.

(g) The parties hereto acknowledge that each such party and their respective counsel have participated in the drafting and revision of this Loan Agreement and the Indenture. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Loan Agreement or the Indenture or any amendment or supplement or exhibit hereto or thereto.

ARTICLE II

FINDINGS, REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.01 **Findings by the Authority.** The Authority hereby finds and determines, based upon the representations, warranties and agreements of the Borrower and such other information as the Authority deems necessary, that (i) the Borrower using proceeds of the sale of the Notes is a “participating party” as such term is defined in the Act; (ii) the Loan to be made hereunder with proceeds of the sale of the Notes will promote the purposes of the Act by providing funds to pay the costs of “working capital” as defined in the Act; (iii) said Loan is in the

public interest, serves a public purpose and meets the requirements of the Act; (iv) the sum of the amount borrowed to finance working capital and the interest payable on the working capital for the Borrower does not exceed 85 percent of the estimated amount of income, revenue, cash receipts, and other funds to be received by the Borrower, which will be available during the term of the Loan, for the repayment of the Loan and interest on the Loan; (v) during the term of the Loan, each participating party has demonstrated that it will receive or otherwise have (without additional borrowing) sufficient funds to repay and discharge the Loan, based on all funds received by the participating party and future projections upon historical experience and reasonable expectations; and (vi) the Borrower, if the Notes related to its Loan are issued as Series 2021A Notes, has budgeted facilities expenditures for [describe facilities in plan] for the 2020-21 Fiscal Year in an amount not less than the amount of the Loan attributed to the Series 2021A Notes.

Section 2.02 **Representations and Warranties of the Borrower.** The Borrower represents and warrants to the Authority that, as of the date of execution of this Loan Agreement and as of the date of delivery of the Notes to the initial purchasers thereof (such representations and warranties to remain operative and in full force and effect regardless of the issuance of the Notes or any investigations by or on behalf of the Authority or the results thereof):

(a) The Borrower is a nonprofit public benefit corporation duly incorporated and in good standing under the laws of the State, and has full legal right, power and authority to enter into this Loan Agreement, and to carry out all of its obligations under and consummate all transactions contemplated by this Loan Agreement, and by proper corporate action has duly authorized the execution, delivery and performance of this Loan Agreement.

(b) The officers of the Borrower executing this Loan Agreement are duly and properly in office and fully authorized to execute the same.

(c) This Loan Agreement has been duly authorized, executed and delivered by the Borrower.

(d) This Loan Agreement, as and when assigned to the Trustee pursuant to the Indenture, will constitute the legal, valid and binding agreement of the Borrower enforceable against the Borrower by the Trustee in accordance with its terms for the benefit of the Holders of the Notes and the Banks, and any rights of the Authority and obligations of the Borrower not so assigned to the Trustee constitute the legal, valid, and binding agreements of the Borrower enforceable against the Borrower by the Authority in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

(e) The execution and delivery of this Loan Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of incorporation of the Borrower, its bylaws, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or

its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower (except for any lien, charge or encumbrance expressly created herein or in the Indenture in favor to the Authority or the Trustee,) which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement, or the financial condition, assets, properties or operations of the Borrower.

(f) No consent or approval of any trustee or holder of any indebtedness of the Borrower or any guarantor of indebtedness of or other provider of credit or liquidity support to or for the account of the Borrower, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or “blue sky” laws) is necessary in connection with the execution, delivery and performance of this Loan Agreement, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(g) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Borrower, after reasonable investigation, threatened, against or affecting the Borrower or the assets, properties or operations of the Borrower which, if determined adversely to the Borrower or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, this Loan Agreement, or upon the financial condition, assets, properties or operations of the Borrower, and the Borrower is not in violation or default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any law, order, regulation or demand of any federal, state, municipal or other governmental authority, which violation or default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement, or the financial condition, assets, properties or operations of the Borrower. All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein.

(h) No written information, exhibit or report furnished to the Authority by or on behalf of the Borrower in connection with the negotiation of this Loan Agreement contains any untrue statement of a 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; provided, however, that the Borrower has not made any independent investigation or inquiry into the truth, accuracy or completeness of any report written or provided by any third party.

(i) The Borrower is an organization described in Section 501(c)(3) of the Code and is exempt from federal income tax under Section 501(a) of the Code, except for unrelated business taxable income under Section 511 of the Code, and is not a private foundation as described in Section 509(a) of the Code.

(j) The proceeds of the Loan will be used by the Borrower solely to satisfy one or more of its charitable purposes, which have been previously recognized by the Internal Revenue Service as bona fide charitable purposes. The Borrower has full power and authority to carry on its business as now being conducted and to enter into this Loan Agreement and the transactions contemplated therein. The Borrower has duly caused the delivery of its Intercept Notices and shall take all actions necessary for the Trustee to collect directly from the Controller the amounts set forth in its Intercept Notices on such dates set forth in such Intercept Notices.

(k) All financial statements and information heretofore delivered by or on behalf of the Borrower to the Authority fairly and accurately present the financial position of each respective entity at such date and the results of operations for the year ended on such date. Since the date of such statements, there has been no material adverse change in the financial condition or results of operations of the Borrower or other subjects of such statements.

(l) The purposes, character, activities, and methods of operation of the Borrower have not changed since its organization and are not different from the purposes, character, activities and methods of operation contemplated at the time of its determination by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Code; the Borrower has not or will not divert any part of its corpus or income for a purpose or purposes other than the purpose or purposes for which it is organized or operated; the Borrower has not operated, nor will it operate, in a manner that would result in its being classified as an “action” organization within the meaning of Section 1.501(c)(3)-(1)(c)(3) of the Regulations, including, but not limited to, promoting or attempting to influence legislation by propaganda or otherwise as a substantial part of its activities; none of its directors, officers, or any related Persons, or any other Person having a private or professional interest in the Borrower’s activities has acquired or received, nor will such Persons be allowed to acquire or receive, directly or indirectly, any of the Borrower’s goods, services, income or assets, without fair compensation or consideration received in exchange therefor; it has not received any indication or notice to the effect that the Borrower’s exemption from federal income taxation under Section 501(c)(3) of the Code has been revoked or modified, or that the Internal Revenue Service is considering revoking or modifying such exemption, and such exemption is still in full force and effect; the Borrower has not devoted or will not devote more than an insubstantial part of its activities in furtherance of a purpose other than an exempt purpose within the meaning of Section 501(c)(3) of the Code.

(m) Except as provided in the Indenture and this Loan Agreement, the Borrower shall not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property pledged as security for payment of any amounts due under this Loan Agreement nor shall the Borrower establish any segregated reserve or similar fund for such purpose and shall not prepay any such amounts in advance of the Maturity Date of the Notes.

(n) The Borrower has made and shall continue to make all required contributions to all employee benefit plans, if any, and does not have knowledge of any material liability which has been incurred by the Borrower or remains unsatisfied for any taxes or penalties with respect to any employee benefit plan or any multi-employer plan, and each such plan has been administered in compliance with its terms and the applicable provisions of ERISA and any other federal or state law.

(o) [Other than as disclosed to the Authority and expressly subordinated,] the Borrower has no contingent liabilities or obligations payable from the Deferral Amounts other than its obligations hereunder. The Borrower has no Senior Loans, as defined in the MOU. The Borrower has not previously filed any Intercept Notices directing the application of State Aid Subject to Apportionment (as defined in the MOU) to the payment of any indebtedness or obligation of the Borrower that remain in effect. The Borrower has taken all steps necessary under applicable law to qualify for the receipt of the State Aid Subject to Apportionment, including the Deferral Amounts, and is eligible to receive the Deferral Amount described in the Intercept Schedule. The Deferral Amounts and the right of the Borrower to receive them is not subject to any lien, charge or encumbrance of any kind other than the lien expressly created herein in favor of the Trustee for the benefit of the Noteholders and the Banks.

(p) The Borrower has not entered into this transaction with the actual intent to hinder, delay, or defraud any creditor, and the Borrower has received reasonably equivalent value in exchange for its obligations under this Loan Agreement. The fair saleable value of the Borrower's assets exceeds and will, immediately following the execution and delivery of this Loan Agreement, exceed the Borrower's total liabilities, including, without limitation, subordinated, unliquidated, disputed or contingent liabilities. The fair saleable value of the Borrower's assets is greater than the Borrower's probable liabilities, including the maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. The Borrower does not intend to, or does not believe that it will, incur debts and liabilities (including, without limitation, contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Borrower).

(q) The Borrower is not (1) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; (2) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (3) subject to any other federal or state law or regulation which purports to restrict or regulate its ability to borrow money. The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock, within the meaning of Regulations T, U and X of the Federal Reserve Board, as applicable, or extending credit for the purpose of purchasing or carrying margin stock, and no part of the proceeds of Loan will be used to buy or carry any margin stock.

(r) The Borrower reasonably believes that the Deferral Amounts will be sufficient (without any other borrowing) during the term of the Loan to pay the principal of and interest on the Loan.

(s) During the term of the Loan, the Borrower will receive or otherwise have (without additional borrowing) sufficient funds to repay and discharge the Loan, based on all funds received by the Borrower and future projections upon historical experience and reasonable expectations.

(t) The Borrower is a "participating party" as defined in the Act.

(u) The sum of the amount borrowed to finance working capital and the interest payable on the working capital for the Borrower does not exceed 85 percent of the estimated amount of income, revenue, cash receipts, and other funds to be received by the Borrower, which will be available during the term of the Loan, for the repayment of the Loan and interest on the Loan.

(v) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of its working capital; that it is familiar with the provisions of all of the documents and instruments relating to such financing to it is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions; and that it has not relied on the Authority for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Loan Agreement and the Indenture or otherwise relied on the Authority for any advice.

(w) The Borrower acknowledges, represents and warrants that none of its charter schools participating the Program is subject to renewal of its charter on or before June 30, 2021 and expects all charter schools to be operating and in good standing with its charter authorizer through at least the Maturity Date.

(x) The Borrower, if the Notes related to its Loan are issued as Series 2021A Notes, has budgeted facilities expenditures for [describe facilities in plan] for the 2020-21 Fiscal Year in an amount not less than the amount of the Loan, and further that the Borrower satisfies one of these four criteria:

(i) Located in a school district and/or county where at least 50% of students have not met the State standard for proficiency in either math or language on the state assessment

(ii) Located in a school district and/or county where at least 15% of public schools have been identified for improvement or corrective action

(iii) Located in a school district and/or county with 60% or more of the student population is eligible for free or reduced-price meals (“FROM”)

(iv) At least 50% of current or projected students enrolled at the charter school are eligible for FRPM.

(y) The Borrower has, as to each of its charter schools participating the Program, filed both an Intercept Notice and an EFT Form with the Controller in accordance with Section 17199.4 of the Act, a copy of which is attached hereto as Exhibit A and Exhibit B hereto.

(z) [With respect to other indebtedness of the Borrower:

(i) With respect to any Senior Loan, the Borrower has prepaid any and all of its debt service payments coming due during the period from the date hereof through and including the Maturity Date of the Notes which would otherwise have been payable or due prior to 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.

(ii) The Borrower has not and will incur any additional indebtedness constituting a Senior Loan between the date of issuance of the Notes and the Maturity Date of the Notes.

(iii) With respect to material indebtedness other than any Senior Loan, the Borrower has filed with the Authority, as to each such indebtedness, completed forms of Consent Pursuant to this Loan Agreement by and among the Borrower, the Trustee and each lender, substantially in the form of Exhibit D hereto.]

(aa) The charter granted to each of the Borrower's charter schools has been renewed to June 30, 2022 or later.

ARTICLE III

LOAN FINANCING; LOAN REPAYMENTS; INDEMNIFICATION

Section 3.01 Agreement to Issue Notes and Application of Note Proceeds. (a) In order to fund the Loan and for the other purposes set forth in the Indenture, the Authority, concurrently with the execution of this Loan Agreement, has issued, sold and delivered the Notes and directed the proceeds thereof to be deposited with the Trustee and applied as provided in Article III of the Indenture. The Borrower hereby agrees that the proceeds of the Notes shall be applied solely in accordance with the Indenture. Proceeds of the Notes applied to make the Loan will be deposited in the following funds and accounts established under the Indenture in the following amounts:

Working Capital Fund	
Escrow Account	
Credit Enhancement Fee Fund	
Costs of Issuance Fund	
Total	_____

(b) [the Borrower, if the Notes related to its Loan are issued as Series 2021A Notes, will have the benefit of, and reimbursement obligations with respect to, the Grant-Funded Reserve Account.]

(c) The moneys to the credit of the Borrower in the Working Capital Fund shall be disbursed pursuant to Requisitions of the Borrower, which shall be substantially in the form of Exhibit C hereto, subject to satisfaction of the conditions to disbursement in subsection (d) below; less the portion of the Loan Amount representing the P-2 Apportionment to the Borrower deposited into the Escrow Account established for the Borrower and held until the Release Date. Each such Requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

(d) Conditions precedent to each disbursement to the Borrower of moneys in the Working Capital Fund are as follows:

(i) no Event of Default has occurred under any of the Borrower's Loan Agreements;

(ii) the Borrower's representations and warranties under this Loan Agreement remain true and correct;

(iii) none of the Borrower's charter school's charters is subject to renewal prior to June 30, 2022;

(iv) except as otherwise provided in clause (v) below, the amount requested in the Requisition does not exceed the scheduled amount in Exhibit D to the Indenture;

(v) with regard to the requisition of amounts set forth in Exhibit D to the Indenture allocable to the Borrower and the month of June, the amount requested in the Requisition shall be no more than the lesser of (A) the amount set forth in Exhibit D to the Indenture allocable to the Borrower and the month of June and (B) the amount of the Deferral Amount specified for the Borrower subject to the Intercept in the P-2 Proclamation (as defined in the MOU), but, in each case, less any amount to be transferred to the Revenue Fund pursuant to Section 5.07(b);

(vi) satisfaction of the requirements for such Requisition set forth in the Reimbursement Agreements; and

(vii) satisfactory evidence that each of the Borrower's charter schools remains in operation through the last day of the calendar month with respect to the Deferral Payment which is the basis for such Requisition and so the Borrower remains eligible to receive the Deferral Amount from the State that is the basis for the Requisition in question. [The Banks and the Authority will work together to develop a process to provide such evidence based upon information to be available to the Authority regarding the status of each charter school.]

(e) Upon satisfaction of certain conditions as of the Release Date, as and to the extent provided in Section 5.07 of the Indenture, amounts on deposit in the Credit Enhancement Fee Fund attributable to the Borrower will be transferred to the Working Capital Fund and available for requisition by the Borrower. This should be part of the Release Date Calculation and closing of the Credit Enhancement Fee Fund.

(f) The Borrower hereby approves the terms of the Indenture and, to the extent applicable, agrees to be bound by such terms.

Section 3.02 The Loan; Loan Repayments; Intercept; Additional Payments.

(a) The Loan. The Authority agrees, upon the terms and conditions herein specified, to make a loan to the Borrower in the amount of \$_____, the Borrower's allocable portion of the proceeds received by the Authority from the sale of the Notes by causing such proceeds to be deposited with the Trustee for disposition as provided in the Indenture. The obligation of the Authority to make the Loan is limited solely to the Borrower's allocable portion

of such sale proceeds of the Notes received by the Authority, and shall be deemed fully discharged upon the deposit of the proceeds of the Notes with the Trustee pursuant to the Indenture.

(b) Loan Repayments. In consideration of the issuance of the Notes by the Authority and the Loan to the Borrower hereunder, the Borrower agrees to pay the principal of and interest on the Loan no later than the Maturity Date for the Notes. In order to provide funds for such purpose, the Borrower agrees that, pursuant to the Intercept Notice, during each Repayment Period pursuant to Intercept Schedule, it shall pay, or cause to be paid, to the Trustee, for deposit in the Revenue Fund, the Deferral Amounts, such amount to be held by the Trustee and applied to the repayment of the Notes, or to reimburse the Banks for amount drawn under the Letter of Credit and applied to the repayment of the Notes, on the Maturity Date. Notwithstanding the foregoing, if ten business days prior to any interest or principal payment date with respect to the Notes, the aggregate amount described in the preceding sentence and held in the Revenue Fund is for any reason insufficient or unavailable to make the required payments of principal of or interest on the Loan, the Borrower shall forthwith pay the amount of any such deficiency to the Trustee. Each payment by the Borrower to the Trustee hereunder (the "Loan Repayments") shall be in lawful money of the United States of America and paid to the Trustee at its designated corporate trust office in immediately available funds and held, invested, disbursed and applied as provided in the Indenture.

(c) Intercept. Simultaneously with the execution and delivery of the Notes, the Borrower shall deliver an Intercept Notice to the Controller.

The Intercept Notice may be revised from time to time with the consent of the Authority and in accordance with the terms of the MOU as necessary or appropriate to specify transfers to the Trustee necessary that reflect the timing for payment and amount of the Deferral Amounts and to pay the amounts due under this Loan Agreement and the amounts described in Section 3.02(d) hereof, including Borrower's Proportionate Share of all other costs relating to the Notes necessary or incidental to the financing pursuant to the Act, including the Borrower's Proportionate Share of all amounts owing under the Reimbursement Agreement, as the same become due, and to cure any delinquency in payment of such amounts; provided, however, that the Borrower may not decrease the amounts subject to Intercept in any month except as provided in the MOU. The Borrower shall, cooperate with the Authority and the Trustee in any manner they may request in connection with revising the Intercept Notice. If at any time the Intercept Notice is revised for any reason, the Borrower shall promptly provide to the Authority, the Department of Education, the Bank and the Trustee a copy of such revised Intercept Notice. The Intercept Notice may provide additional amounts payable to the Trustee for purposes set forth in the Indenture; provided the Borrower shall not grant preference or any prior right of funding access or security in respect of any payment indicated in the Intercept Notice or any other notice delivered pursuant to Section 17199.4 of the Education Code or any successor provision. The Borrower agrees and acknowledges that any revision to its Intercept Notice may take up to 60 days for the Controller to process.

All deposits of moneys derived from the Intercept shall be made at the corporate trust office of the Trustee set forth in the Intercept Notice. If any such amounts subject to the Intercept are delivered to the Borrower, the Borrower shall immediately remit the same to the Trustee in immediately available funds. The Borrower shall timely revise, and the Borrower

hereby authorizes the Authority to revise, its Intercept Notice to require transfers in such other amounts, at such different times and to such other location as shall be designated in writing by the Trustee.

(d) Additional Payments. In addition to the Loan Repayments, the Borrower shall also pay to the Authority or to the Trustee, as the case may be, “Additional Payments,” as follows:

(i) The Borrower's Proportionate Share of all taxes and assessments of any type or character charged to the Authority or to the Trustee affecting the amount available to the Authority or the Trustee from payments to be received hereunder or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental authority of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Trustee and taxes based upon or measured by the net income of the Authority or the Trustee; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Authority or the Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Authority or the Trustee;

(ii) The Borrower's Proportionate Share of all reasonable fees, charges and expenses of the Trustee for services rendered under the Indenture and all amounts referred to in Section 8.06 of the Indenture, as and when the same become due and payable;

(iii) The Borrower's Proportionate Share of the reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the Authority or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Loan Agreement or the Indenture;

(iv) The Borrower's Proportionate Share of all fees and expenses of the Rating Agency (to the extent not included in Costs of Issuance);

(v) The Borrower's Proportionate Share of the reasonable fees and expenses of the Authority or any agent or attorney selected by the Authority to act on its behalf in connection with this Loan Agreement, the Notes or the Indenture, including, without limitation, any and all reasonable expenses incurred in connection with the authorization, issuance, sale and delivery of any such Notes or in connection with any litigation, investigation, inquiry or other proceeding which may at any time be instituted involving this Loan Agreement, the Notes or the Indenture or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of this Loan Agreement;

(vi) The Borrower's Proportionate Share of the amounts owed by the Authority under the Reimbursement Agreement; and

(vii) The Borrower's Proportionate Share of the amount necessary to replenish any fund established under the Indenture, but only to the extent then required under Section 5.02 of the Indenture.

All such payments shall be made by the Borrower from the Deferral Amounts and other legally available funds of the Borrower, for payment to the Person or Persons entitled to such payments or for deposit to the appropriate fund or account held by the Trustee under the Indenture.

(e) Failure to Make Payments. In the event the Borrower shall fail to deposit, or fail to cause to be deposited, with the Trustee any Loan Repayments or Additional Payments as required by this Section 3.02, the Loan Repayments, Additional Payments or other payments required hereunder not timely paid from such [Deferral Amounts] shall continue as an obligation hereunder of the Borrower until the amount in default shall have been fully paid.

(f) Obligations of Borrower Unconditional.

(i) The Borrower shall pay to or upon the order of the Authority, at or before the time when due hereunder, the amounts due and payable by the Borrower hereunder.

(ii) The obligation of the Borrower to make the payments as required in this Section 3.02, and to perform and observe any and all of the other covenants and agreements on its part contained herein, shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment, or counterclaim which the Borrower may otherwise have against the Authority. The Borrower shall not: (1) suspend, discontinue, or abate any payment required by this Section 3.02 (except as expressly provided herein); (2) fail to observe any of its other covenants or agreements in this Loan Agreement; or (3) terminate this Loan Agreement for any cause whatsoever (except as provided in Section 6.01 hereof), including without limiting the generality of the foregoing, any declaration or finding that the Notes, the Indenture, or any portion of this Loan Agreement are invalid or unenforceable, and, any failure of the Authority to perform and observe any agreement, whether expressed or implied, or any duty, liability, or obligation, arising out of or in connection with this Loan Agreement or otherwise.

(g) Security Interest. The Borrower hereby grants to the Trustee a security interest in all of the Borrower's right, title and interest in and to the Pledged Revenues which shall constitute a lien on and security interest in such assets and shall attach and be valid and binding from and after delivery of the Notes, for the benefit of the Trustee as security for the repayment of amounts owed hereunder and under the Notes and the amounts owed under the Reimbursement Agreements allocable to the Borrower. The Borrower shall cause all filings to be made which are necessary to perfect such security interest.

Section 3.03 Costs of Issuance and Other Expenses. In addition to the payments required to be paid by the Borrower under Section 3.02 hereof, the Borrower agrees that it shall pay from the proceeds of the Notes, the Deferral Amounts or other legally available funds of the

Borrower, the Borrower's Proportionate Share of Costs of Issuance of the Notes. The Borrower agrees that it also shall pay all expenses incurred by it, including the expenses of its counsel. The Borrower shall also pay the costs of filing financing statement(s) pursuant to Section 3.02(g) hereof.

The Borrower acknowledges that certain provisions of the Indenture set forth Administrative Fees and Expenses of the Trustee as the amount of compensation and reimbursement payable from funds held under the Indenture to the Trustee. In the event that the Trustee incurs fees and expenses in the course of performing its duties in excess of Administrative Fees and Expenses or in excess of the funds available for the payment thereof under the Indenture, the Borrower agrees to compensate and reimburse the Trustee from Deferral Amounts or other funds of the Borrower, for the Borrower's Proportionate Share of Administrative Fees and Expenses and for any extraordinary fees and expenses, which compensation to the Trustee shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust.

The Borrower covenants and agrees to pay and indemnify the Authority, the State Treasurer and the Trustee for the Borrower's Proportionate Share of all reasonable and documented fees, costs and charges, including reasonable fees and expenses of attorneys, accountants, consultants and other experts, incurred in good faith (and with respect to the Trustee, without negligence) and arising out of or in connection with this Loan Agreement, the Notes or the Indenture. These obligations and those in Section 3.04 hereof shall remain valid and in effect notwithstanding repayment of the Loan hereunder or the Notes or termination of this Loan Agreement or the Indenture or resignation or removal of the Trustee.

Section 3.04 **Indemnification**. To the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Authority, the State Treasurer, the Trustee, the Banks and each of their respective officers, governing members, directors, officials, employees, attorneys, consultants and agents (collectively, the "Indemnified Parties"), against any and all losses, damages, claims, actions, suits, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under any statutory law (including federal or state securities laws) or at common law or otherwise, arising out of or based upon or in any way relating to:

(i) the Notes, the Indenture, or this Loan Agreement, or the execution or amendment hereof or thereof or in connection with transactions contemplated hereby or thereby, including the issuance, sale or resale of the Notes, duly or proportionately attributable to the Borrower and acts or omissions of the Borrower;

(ii) any act or omission of the Borrower or any of its agents, contractors, consultants, servants, employees or licensees in connection with the Loan, or the operations of the Borrower;

(iii) any lien or charge upon payments by the Borrower to the Authority or the Trustee, as the case may be, hereunder, or any taxes (including, without limitation,

all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Authority or the Trustee, duly or proportionately attributable to the Borrower and acts or omissions of the Borrower;

(iv) any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact made to the Authority or contained in any Requisition of the Borrower, duly or proportionately attributable to the Borrower and acts, facts, or omissions or omissions of facts of the Borrower; and

(v) the Trustee's acceptance or administration of the trusts of the Indenture, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Notes to which it is a party, duly or proportionately attributable to the Borrower and acts or omissions of the Borrower;

except (A) in the case of the foregoing indemnification of the Trustee or any of its respective officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the negligence or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of the Authority, the Banks or the State Treasurer or any of their officers, members, directors, officials, employees, attorneys and agents, to the extent such damages are caused by the willful misconduct of such Indemnified Party. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, the Borrower, upon written notice from the Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. 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 Borrower shall pay the fees and expenses of such separate counsel; provided, however, that such Indemnified Party may only employ separate counsel at the expense of the Borrower if in the judgment of such Indemnified Party a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel, or in the case of the Authority or the State Treasurer or any of its officers, members, directors, employees, attorneys and agents, such Indemnified Party engages the Attorney General of the State as separate counsel.

The rights of any persons to indemnity hereunder and rights to payment of fees and reimbursement of expenses pursuant to Sections 3.02 and 3.03 hereof and this Section 3.04 shall survive the final payment of the Notes and in the case of the Trustee any resignation or removal. The provisions of this Section 3.04 shall survive the termination of this Loan Agreement.

ARTICLE IV

ADDITIONAL COVENANTS AND AGREEMENTS OF BORROWER

Section 4.01 **Inspection of Books.**

(a) The Authority and the Trustee shall have the right, but not obligation, upon reasonable notice, during business hours, and subject to school site safety policies and protocols, to examine and audit any and all of the Borrower's records or accounts pertaining to the Loan, the Indenture, the Intercept and this Loan Agreement.

(b) Upon written notice to the Borrower delivered at least five Business Days in advance of an inquiry, the Borrower shall make its management personnel available for periodic inquiries from the Authority; provided that the Borrower shall not be obligated to incur any material out-of-pocket costs in connection with such meetings or inquiries.

Section 4.02 **Reports and Information.** At the request of the Authority or the Trustee, their agents, employees or attorneys, the Borrower shall furnish to the Authority and the Trustee, such information as may be reasonably requested in writing from time to time relative to compliance by the Borrower with the provisions of this Loan Agreement, including, without limitation, the most recently prepared consolidated financial statements.

Section 4.03 **Notice.** Promptly following obtaining knowledge of an Event of Default under this Loan Agreement, the Borrower hereby agrees to provide to the Trustee and to the Authority notice of such Event of Default (such notice to include a description of the nature of such event and what steps are being taken to remedy such Event of Default).

Section 4.04 **Reliance.** The Borrower hereby recognizes and agrees that the representations, warranties and covenants set forth in this Loan Agreement may be relied upon by all Persons interested in the legality and validity of the Notes including, without limitation, the Trustee for the benefit of the Owners of the Notes, the Banks and the Underwriters. In performing its duties and obligations under the Indenture, the Trustee may rely upon statements and certificates of the Borrower believed in good faith to be genuine and upon audits of the books and records of the Borrower pertaining to the Loan. The Trustee, in its name or as assignee of the Authority, may, for and on behalf of the Noteholders and the Banks, enforce all rights of the Authority which have been assigned to and are held by the Trustee and all obligations of the Borrower under and pursuant to this Loan Agreement, whether or not the Authority has pursued or attempted to enforce any of such rights and obligations. In addition, the Authority and the Trustee may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Authority or the Trustee hereunder in good faith and in conformity with the opinion of such counsel. In determining whether any default or lack of compliance by the Borrower exists under this Loan Agreement, none of the Trustee or the Authority shall be required to conduct any investigation into or review of the operations or records of the Borrower and may rely solely upon any notice or certificate delivered to the Trustee by the Borrower with respect to the occurrence or absence of a default.

Section 4.05 Prohibition on Additional Obligations. The Borrower shall not incur any obligations for borrowed moneys the repayments of which are due at any time on or before the Maturity Date, without the express written consent of the Authority, which shall not be unreasonably denied, delayed or conditioned.

Section 4.06 Warranty of Truth. The Borrower covenants that no information, certificate, statement in writing or report required by this Loan Agreement or otherwise furnished by the Borrower to the Authority or the Trustee shall contain any untrue statement of a material fact or omit a material fact necessary to make such information, certificate, statement or report not misleading as it relates to the Borrower.

Section 4.07 Prohibited Uses. No portion of the proceeds of the Notes shall be used to finance or refinance any facility, place or building to be used (1) primarily for sectarian instruction or study or as a place for devotional activities or religious worship or (2) by a person that is not a 501(c)(3) Organization or a Governmental Unit or by a 501(c)(3) Organization (including the Borrower) in an “unrelated trade or business” (as set forth in Section 513(a) of the Code), in such a manner or to such extent as would result in any of the Notes being treated as an obligation not described in Section 103(a) of the Code. The Borrower may not operate in any manner except in conjunction with a school under the Charter School Law.

Section 4.08 Indenture and Letter of Credit Provisions. The execution and delivery of this Loan Agreement shall constitute conclusive evidence of approval of the Indenture and the Reimbursement Agreement and each Letter of Credit relating to the Note by the Borrower. Whenever the Indenture by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower shall carry out and perform all of its obligations under the Indenture as fully as if the Borrower were a party to the Indenture.

The Borrower further acknowledges the terms of the Indenture with respect to its the Trustee’s claim on Loan Repayments for the benefit of the Holders and the Banks, as the source of repayment of amounts owed under the Reimbursement Agreement. In support of its obligations hereunder, the Borrower acknowledges the terms of the MOU, the Intercept Notice, and the Notice to the Controller Pursuant to Education Code Section 17199.4.

Section 4.09 Maintenance of Charters, Etc. The Borrower covenants and agrees that, so long as any of the Notes remain Outstanding and any amounts remain owing under the Reimbursement Agreement, it shall (a) maintain its authorization to operate its charter school(s) participating in the Program; (b) preserve, renew and maintain in full force and effect its legal existence and the existence of each of its charter schools participating in the Program under the applicable law of the State in good standing; (c) take all steps necessary to maintain its qualification as a charter school entitled to receive the Deferral Amounts and other Pledged Revenues; and (c) preserve its status as a nonprofit corporation and maintain its status as an organization described in Section 501(c)(3) of the Code and its exemption from federal income tax under Section 501(a) of the Code or corresponding provisions of future federal income tax laws as well as its exemption from income tax under applicable State law. The Borrower shall not (x) dissolve nor shall it sell, lease, assign, transfer or otherwise dispose of all or substantially all of its property or (y) consolidate or merge with or into any other Person or permit one or more other Persons to

consolidate with or merge into it or acquire all or substantially all of the property of any other Person.

Section 4.10 **Further Assurances.** The Borrower shall, upon the request of the Authority or the Trustee, from time to time, execute and deliver and, if necessary, file, register and record such further financing statements, amendments, continuation statements and other documents and instruments and take such further action as may be reasonably necessary to effect the provisions of this Loan Agreement and the Indenture. Except to the extent it is exempt therefrom, the Borrower will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance, and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of such instruments of further assurance.

Section 4.11 **Lien on Pledged Revenues.** The Borrower shall do, or cause to be done, all things necessary (including, without limitation, the timely filing of continuation statements) to maintain the Trustee's valid first priority perfected security interest in the Pledged Revenues.

Section 4.12 **Change of Corporate Name, State of Incorporation or Location.** The Borrower shall not (a) change its name as it appears in official filings in the state of its incorporation or other organization, (b) change its chief executive office or principal place of business, or the location of its records concerning the Pledged Revenues, (c) change the type of entity that it is, (d) change its organization identification number, if any, issued by its state of incorporation or other organization, or (e) change its state of incorporation or organization or incorporate or organize in any additional jurisdictions.

Section 4.13 **Negative Pledge.** Notwithstanding anything herein to the contrary, the Borrower shall not create, incur, assume, or suffer to exist except as provided in Section 2.02(o), any lien, charge or encumbrance on, and shall not sell, assign, or otherwise transfer any of the Pledged Revenues except as provided herein and in the Indenture.

ARTICLE V

DEFAULTS AND REMEDIES

Section 5.01 **Events of Default.** Any one of the following which occurs and continues shall constitute an Event of Default hereunder:

- (a) failure by the Borrower to pay or cause to be paid any interest on the Loan when due and payable; or
- (b) failure by the Borrower to pay or cause to be paid principal of the Loan; or
- (c) the Deferral Amounts are not paid to the Trustee at the times and in the amounts set forth in the Intercept Schedule; or

(d) (i) failure of the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed in Sections 4.10, 4.12, 4.13 or 4.14 hereof or (ii) failure of the Borrower to observe and perform any other covenant, condition or agreement on its part to be observed or performed hereunder (other than failure by the Borrower to pay the amounts required to be paid hereunder, as referred to in Section 5.01(a), (b), or (c) above, and other than as provided in Section 5.01 (d)(i) or (e) hereof) after the Borrower shall have been given 30 days' written notice specifying such default and requesting it be remedied; or

(e) any of the Borrower's charter schools participating in the Program ceases operations prior to December 31, 2021; or

(f) voluntary initiation by the Borrower of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Borrower of any such proceeding that shall remain undismissed for 60 calendar days after service of notice of such initiation upon the Borrower, or failure by the Borrower to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Borrower to carry on its operations, or assignment by the Borrower for the benefit of creditors, or the entry by the Borrower into an agreement of composition with creditors or the failure generally by the Borrower to pay its debts as they become due; or

(g) occurrence and continuance of an "Event of Default" under the Indenture, provided, however, that an Event of Default under the Indenture arising solely from the actions or inactions of the Authority or the Trustee or any charter schools or borrowers participating the Program other than those operated by the Borrower or the Borrower shall not be an Event of Default hereunder; or

(h) any representation or warranty made herein or any statement or representation made by the Borrower in any certificate, report, opinion, financial statement or other instrument furnished in connection with the Loan or this Loan Agreement proves to be false or misleading in any material respect when made; or

(i) the Borrower or any governmental authority shall contest the validity or enforceability of the Borrower's obligations hereunder, the payment of the Deferral Amounts or the other Pledged Revenues or the validity, perfection or priority of the lien on the Pledged Revenues granted to the Trustee hereunder or the Borrower shall deny, contest or repudiate its obligations hereunder; or

(j) the lien on and security interest in the Pledged Revenues granted to the Trustee herein shall at any time and for any reason cease to be a valid and perfected first-priority security interest in the Pledged Revenues.

Section 5.02 Remedies.

(a) Upon the occurrence of an Event of Default pursuant to Section 5.01 hereof and at any time thereafter during the continuance of such Event of Default, the Trustee may take one or more or any combination of the following remedial steps:

(i) By written notice to the Borrower, declare the unpaid indebtedness on the Notes and all amounts then due and payable hereunder, whether by acceleration of maturity or otherwise, to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(ii) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement or the Notes.

Any amounts collected pursuant to action taken by the Trustee under this Section 5.02(a) shall be applied in accordance with provisions of the Indenture. Notwithstanding anything herein to the contrary, the indebtedness of the Borrower under this Loan Agreement may be separately and independently accelerated with or without an acceleration of the Notes.

(b) If the Trustee shall have proceeded to enforce the rights of the Authority under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Authority, then the Borrower, the Trustee and the Authority shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Borrower, the Authority and the Trustee shall continue as though no such proceedings had taken place.

Section 5.03 Additional Remedies. In addition to the above remedies, if an Event of Default occurs hereunder, the Authority and the Trustee shall have the right and remedy, without posting bond or other security, to have the provisions of this Loan Agreement specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach will cause irreparable injury to the Trustee or the Authority and that money damages will not provide an adequate remedy thereto.

Section 5.04 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee or the Authority to exercise any remedy reserved to it in this Article VI, it shall not be necessary to give notice, other than such notice as may be required in this Article VI. Such rights and remedies as are given the Authority hereunder shall also extend to Trustee on behalf of the Holders of the Notes, who shall be entitled to the benefit of all covenants and agreements herein contained.

Section 5.05 No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Loan Agreement should be breached by the Borrower and thereafter waived by the Authority or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 5.06 **Agreement to Pay Fees and Expenses Upon Default.** In the event the Borrower is in default under any provision of this Loan Agreement, the Borrower shall be liable to, and upon demand shall pay to, the Trustee the Borrower's Proportionate Share of all reasonable fees and disbursements of such Persons and its agents (including attorneys' fees and expenses) that are reasonably connected therewith or incidental thereto, except with respect to the Trustee, and such payment obligation shall be reduced to the extent such fees and disbursements are paid to the Trustee from money available therefor under the Indenture.

ARTICLE VI

PREPAYMENT

Section 6.01 **Prepayment of the Loan.**

(a) *General.* As further described below, the Borrower shall have the right, so long as all amounts which have become due hereunder have been paid, at any time or from time to time to prepay all or any part of its Loan Repayments and the Authority agrees that the Trustee shall accept such prepayments when the same are tendered. All such prepayments shall be deposited upon receipt in the applicable account of the Revenue Fund and, at the request of and as determined by the Borrower, credited against payments due hereunder.

(b) *Amount of Prepayment.* In the event of any prepayment pursuant to Section 6.01, the amount of the Loan deemed to be prepaid shall be equal to the principal amount of the Loan. In the case of prepayment of the Loan in full, the Borrower shall pay to the Trustee an amount sufficient, together with other funds held by the Trustee and available for such purpose, to pay interest on the Loan to the Maturity Date, the Borrower's Proportionate Share of all reasonable and necessary fees and expenses (including attorneys' fees) of the Authority, the Trustee and the Banks accrued and to accrue through final payment of the Notes and all other liabilities of the Borrower accrued and to accrue under this Loan Agreement and shall pay to the Authority an amount required by Section 3.02(d).

ARTICLE VII

MISCELLANEOUS

Section 7.01 **Notice.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, or by messenger or overnight delivery service or by Electronic Notice, to the notice addresses set forth in the Indenture, provided that notices to the Borrowers shall mean only the Borrower under this Loan Agreement.

A duplicate copy of each notice, certificate or other communication given hereunder by the Authority or the Borrower shall also be given to the Trustee. The Authority, the Borrower, and the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 7.02 **Concerning Successors and Assigns.** All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall

survive the execution and delivery of this Loan Agreement by the Authority and the Borrower. Whenever in this Loan Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower that are contained in this Loan Agreement shall bind its successors and assigns and inure to the benefit of the successors and assigns of the Authority.

Section 7.03 **Governing Law; Venue.** This Loan Agreement is a contract made under the laws of the State of California, and shall be governed by and construed in accordance with the Constitution and the laws applicable to contracts made and performed in said State. This Loan Agreement shall be enforceable in the State of California, and any action arising out of this Loan Agreement shall be filed and maintained in the Sacramento County Superior Court, Sacramento, California, unless the Authority waives this requirement.

Section 7.04 **Amendments; Modifications in Writing.** Except as otherwise provided in this Loan Agreement or the Indenture, subsequent to the initial issuance of Notes and prior to their payment in full, or provision for such payment having been made as provided in the Indenture, this Loan Agreement may be effectively amended, changed, modified, altered or terminated only as permitted under the Indenture, by written instrument executed by the parties hereto and with consent of the Banks. The Authority hereby agrees that it will not consent to an amendment of the Indenture without the approval of the Borrower.

Section 7.05 **Captions.** The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Loan Agreement.

Section 7.06 **Severability.** In the event any provision of this Loan 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 7.07 **Counterparts.** This Loan Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 7.08 **Effective Date and Term.** This Loan Agreement shall become effective upon its execution and delivery by the Parties hereto, shall remain in full force from the date thereof and, subject to the provisions hereof, shall continue in effect as long as any of the Notes are outstanding or the Trustee holds any money under the Indenture.

Section 7.09 **Non-Liability of Authority.** The Authority shall not be obligated to pay the principal of or interest on the Notes, except from certain loan repayments received for the payment thereof from the Borrower under this Loan Agreement and from other borrowers under their loan agreements executed and delivered in accordance with the Program and attributable to the Notes. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Authority or any member is pledged to the payment of the principal or interest on the Notes. The Authority shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Notes or the Indenture, except only to the extent

amounts are received for the payment thereof from the Borrower under this Loan Agreement and from other from the borrowers under their loan agreements executed and delivered in accordance with the Program and attributable to the Notes.

The Borrower hereby acknowledges that the Authority's sole source of moneys to repay the Notes will be provided by the payments made by the Borrower to the Trustee pursuant to this Loan Agreement, together with other amounts received by the Trustee in accordance with other loan agreements from other charter schools or borrowers participating the Program other than those operated by the Borrower, and pursuant to the Indenture, and investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the Loan Repayments shall ever prove insufficient to pay the Borrower's Proportionate Share of all principal of and interest on the Notes as the same shall become due (whether by maturity, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Borrower, the Authority or any third party, subject to any right of reimbursement from the Trustee, the Authority or any such third party, as the case may be, therefor.

Section 7.10 **Waiver of Personal Liability.** No member, officer, agent or employee of the Borrower or of the Authority shall be individually or personally liable for the payment of any principal or interest on the Notes or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Loan Agreement.

Section 7.11 **No Prevailing Party Provision.** Nothing in this Loan Agreement shall be construed to provide for award of attorneys' fees and costs to the Authority or the Borrower for the enforcement of this Loan Agreement as described in Section 1717 of the Civil Code. Nothing in this Section affects the rights of the Trustee provided herein.

Section 7.12 **Binding Effect.** This Loan Agreement shall inure to the benefit of and shall be binding upon the Authority and the Borrower and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement as of the date stated above.

**CALIFORNIA SCHOOL FINANCE
AUTHORITY**

By: _____
Deputy Treasurer For Chair,
State Treasurer, Fiona Ma

[BORROWER],
a California nonprofit public benefit corporation

By: _____

EXHIBIT A

FORM OF INTERCEPT NOTICE

Notice to the State Controller Pursuant to Education Code Section 17199.4

Re: California School Finance Authority Revenue Notes (ASAP Program)
Series 2021 (Federally Taxable) (the "Notes")

WHEREAS, [BORROWER], a nonprofit public benefit corporation (the "Borrower") operating one or more public charter school in the State of California (the "State"), has entered into a Loan Agreement with the California School Finance Authority (the "Authority"), dated as of March 1, 2021 (the "Loan Agreement"), under the terms of which the Borrower is obligated to make certain loan payments (the "Loan Repayments") to or upon the order of the Authority in order to provide, together with the loan payments made by other nonprofit public benefit corporations operating public charter schools in the State (the "Other Charter Schools"), sufficient debt service to pay the principal of and interest on the captioned Notes at maturity; and

WHEREAS, the Borrower has elected to have its Loan Repayments pledged to the repayment of a series or tranche of the Notes [Series 2021 __ - __], pursuant to the terms of the Loan Agreement and that certain Indenture, dated as of March 1, 2021 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee"); and

WHEREAS, the Authority has issued the Notes to fund loans made to the Borrower and to the Other Charter Schools under separate loan agreements;

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 Borrower has elected, pursuant to the terms of the Loan Agreement 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 Borrower 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 Department of Education, dated as of _____, 2021, that causes a change in the timing of receipt or amount of the Borrower’s Deferral Amounts (as defined in the MOU) during any Repayment Period.

3. The Borrower 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 Borrower’s working capital loan from the Authority, evidenced by its Loan Agreement, 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 Loan Repayments due under the Loan Agreement, and that it is not submitting this notice for the purpose of accelerating the Borrower’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 #: _____
Reference: CSFA [ASAP Notes]

(Remainder of page intentionally left blank)

_____, a California nonprofit
public benefit corporation, as Borrower

By: _____
Name:
Its:

Schedule I

Intercept Payment Amounts and Repayment Periods

EXHIBIT B

EFT FORM

[Attached]

[To Come]

EXHIBIT C

FORM OF REQUISITION FROM THE WORKING CAPITAL FUND

The undersigned authorized representative of [BORROWER], a California nonprofit public benefit corporation (the “Borrower”) hereby requests U.S. Bank National Association, as trustee (the “Trustee”) under that certain Indenture, dated as of March 1, 2021 (the “Indenture”), between the California School Finance Authority and the Trustee, to pay to the Borrower to the account set forth below, \$ _____ for the purposes indicated from amounts allocable to the Borrower currently on deposit in the Working Capital Fund established and maintained under the Indenture.

The Borrower hereby certifies that (a) no Event of Default has occurred under the applicable Loan Agreement; (c) the Borrower’s representations and warranties under the applicable Loan Agreement remain true and correct; (d) the amount of the disbursement hereby requested does not exceed the amount scheduled to be disbursed to Borrower on the or about the date hereof as set forth in Exhibit D to the Indenture and (e) each of the Borrower’s charter schools remains open, operational and eligible to receive the Deferred Payment from the State that is the basis for this Requisition (see attached information). [Conform to conditions set forth in Section 5.07]

All payments shall be made by check or wire transfer in accordance with payment instructions above and the Trustee shall have no duty or obligation to authenticate such payment instructions or the authorization thereof except to confirm this Requisition to the schedules and amounts set forth in Exhibit D to the Indenture.

The undersigned two officers of the Borrower hereby confirm that they have verified the accuracy of the forgoing statements made by the Borrower.

Dated: _____

[BORROWER], a California nonprofit public
benefit corporation

By: _____

By: _____

[The undersigned on behalf of the Authority and to the extent set forth in Section 5.07 of the Indenture applicable to review and approval by the Authority, hereby accepts the accuracy of the forgoing statements made by the Borrower and approve this Requisition.]

Dated: _____

**CALIFORNIA SCHOOL FINANCE
AUTHORITY**

By: _____
Authorized Signatory

EXHIBIT D

FORM OF CONSENT

CONSENT AND AGREEMENT

This CONSENT AND AGREEMENT (this “Consent”) is entered into as of [DATE], by and among [BORROWER], a California nonprofit public benefit corporation (the “Borrower”), [LENDER] (the “Lender”), and U.S. Bank National Association, as trustee (the “Trustee”) for the holders of the hereinafter defined Notes.

RECITALS

A. The Borrower and the Lender are parties to that certain Loan Agreement, dated as of [_____] (as amended to date, the “Loan Agreement”), pursuant to which the Lender made a loan to the Borrower. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Loan Agreement.

B. The Loan Agreement contains restrictions on the Borrower’s incurrence of indebtedness, and the Borrower’s obligations under the Loan Agreement may be secured by certain personal property assets of the Borrower.

C. Pursuant to the State of California’s 2020-21 Budget Act, in order to relieve certain State budget constraints, certain principal apportionments expected to be received by the Borrower in February 2021 through June 2021 are being deferred (the “Deferred Apportionments”) and will be paid instead in the following fiscal year.

D. The California School Finance Authority (the “Authority”) has created the ASAP Program pursuant to which charter schools may borrow, from proceeds of the California School Finance Authority Revenue Notes (ASAP Program) Series 2021 (Federally Taxable) (the “Notes”), an amount not exceeding their Deferred Apportionments for use in the current fiscal year.

E. The Notes will be issued by the Authority pursuant to an Indenture between the Authority and the Trustee, dated as of March 1, 2021 (the “Indenture”).

F. The Borrower has notified the Lender that the Borrower has applied for a loan from the Authority under the ASAP Program in the amount of \$[_____] (the “ASAP Loan”).

G. The Borrower will fund the repayment of the ASAP Loan by an intercept of the Borrower’s Deferred Apportionment from the Office of the State Controller to the Trustee pursuant to Section 17199.4(a)(1) of the Education Code of the State of California (the “Intercept”). The Borrower’s obligation to repay the ASAP Loan is secured by a security interest in the Borrower’s Deferred Apportionments (the “Deferred Apportionment Security Interest”).

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants of the parties hereto, the parties agree as follows:

In accordance with the Loan Agreement, the Lender hereby consents to the Borrower's incurrence of the ASAP Loan, to the intercept of the Deferred Apportionments for the repayment of the ASAP Loan pursuant to the Intercept, and to the pledge of the Deferred Apportionment Security Interest. The Lender hereby subordinates any security interest it may have in the Borrower's personal property to the lien of the Deferred Apportionment Security Interest for the benefit of the Trustee.

The Borrower hereby represents and warrants to the Lender that:

Except for (i) any representations or warranties which are given as of a specific date (which remain true and correct as of such date), and (ii) representations and warranties which have become untrue or incorrect solely as a result of changes permitted by this Consent, all representations and warranties made by the Borrower in the Loan Agreement are true and correct as of the date of this Consent.

Except with respect to the matters covered in this Consent, the Borrower is in compliance with all covenants and agreements contained in the Loan Agreement.

To the Borrower's knowledge, after giving effect to this Consent, no Default or Event of Default currently exists under the Loan Agreement or other documents executed by the Borrower in connection therewith (the "Loan Documents").

It shall be a condition precedent to the effectiveness of this Consent that no Event of Default exists under the Loan Agreement.

The consent provided in Section 1 hereof shall be a one-time consent and shall not be construed to constitute a consent to any other breach of, or a waiver of, any other term, condition, covenant or provision of the Loan Agreement or the other Loan Documents. All of the terms and conditions of the Loan Agreement and the other Loan Documents shall remain in full force and effect.

The Lender shall give written notice to the Trustee of any breach or default by the Borrower of any of its obligations under the Loan Agreement, simultaneously with the giving of such notice to Borrower. The Trustee shall give written notice to the Lender of any breach or default by the Borrower of any of its obligations with respect to the ASAP Loan, simultaneously with the giving of such notice to Borrower.

The foregoing provisions are self-operative and effective without the execution of any further instrument on the part of any party hereto. However, the Lender agrees to execute and deliver to the Trustee such other instruments as either shall request in order to effectuate said provisions. This Agreement supersedes any inconsistent provision of the Loan Agreement.

All notices, demands, requests, directions and other communications (collectively, “Notices”) required or expressly authorized to be made by this Consent will be written and addressed as set forth below (or to such other address as shall be provided by any party to the others in a Notice) may be given by (i) overnight delivery service, freight prepaid, or (ii) U.S. mail, postage paid and sent certified, return receipt requested:

To the Borrower:	[Borrower Name] [Address] [Address] Attention: [_____]
To the Lender:	[Royal Bank of Canada / Citibank, N.A.] [Address] [Address] Attention: [_____]
To the Trustee:	U.S. Bank National Association One California Street, Suite 1000 San Francisco, CA 94111 Telephone: (415) 677-3602 Telefax: (415) 677-3768 Email: mary.wong@usbank.com Attn: Global Corporate Trust

The Borrower agrees to pay on demand all reasonable costs and expenses of the Lender in connection with the preparation, execution and delivery of this Consent, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Lender.

All other terms and conditions of the Loan Agreement not specifically amended by this Consent shall remain in full force and effect and are hereby ratified and confirmed by the Borrower and the Lender.

This Consent may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same instrument.

The parties hereto hereby agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further acts, instruments, conveyances, transfers and assurances, as any of them reasonably deems necessary or advisable for the implementation, correction, confirmation or perfection of this Consent and any rights of such party as contemplated hereunder.

This Consent shall become effective as of the date set forth above.

This Consent shall be governed by and construed in accordance with the laws of the State of California and shall be binding upon the Borrower, the Trustee and the Lender and their respective successors and assigns.

This Consent and any claim or controversy arising from or relating to this Consent shall be subject to the provisions of the Loan Agreement relating to jurisdiction, venue, waiver of right to trial by jury and dispute resolution.

Each of the parties hereto agrees that the transaction consisting of this Consent may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent (i) that, by signing this Consent using an electronic signature, it is signing, adopting and accepting this Consent, and (ii) that signing this Consent using an electronic signature is the legal equivalent of having placed the undersigned officer's handwritten signature on this Consent on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Consent in a usable format

[Signatures on following pages]

IN WITNESS WHEREOF, the parties hereto have caused this Consent to be duly executed as of the date first above written.

[BORROWER]

By _____
Name:
Title:

[LENDER]

By _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Officer

[Signature Page to Consent and Agreement]

NOTE PURCHASE AGREEMENT

**CALIFORNIA SCHOOL FINANCE AUTHORITY
REVENUE NOTES
(ASAP PROGRAM)**

Comprised of

\$ _____ *		\$ _____ *
SERIES 2021A-1 (FEDERALLY TAXABLE)		SERIES 2021B-1 (FEDERALLY TAXABLE)
	and	
\$ _____ *		\$ _____ *
SERIES 2021A-2 (FEDERALLY TAXABLE)		SERIES 2021B-2 (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”), offers 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 Revenue Notes (ASAP Program) Series 2021A-1 (Federally Taxable) (the “Series 2021A-1 Notes”), the California School Finance Authority Revenue Notes (ASAP Program) Series 2021A-2 (Federally Taxable) (the “Series 2021A-2 Notes”), the California School Finance Authority Revenue Notes (ASAP Program) Series 2021B-1 (Federally Taxable) (the “Series 2021B-1 Notes”) and the California School Finance Authority Revenue Notes (ASAP Program) Series 2021B-2 (Federally Taxable) (the “Series 2021B-2 Notes” and, collectively with the Series 2021A-1 Notes, the Series 2021A-2 Notes and the Series 2021B-1 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 either Underwriter, have provided other services or are 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”).

Good Faith Deposit. RBC Capital Markets, LLC, in its capacity as book-running joint senior manager with respect to the Notes (“RBC”), has delivered a deposit in the form of a wire transfer (in immediately available funds) to a financial institution for the account of the Authority in an amount equal to \$[_____]. Such deposit has been delivered by RBC as security for the performance by the Underwriters of their obligations to purchase, accept delivery of and pay for the Notes at Closing. Upon acceptance of this offer by the Authority and the State Treasurer, the Authority may draw upon such deposit and invest the proceeds of the deposit for its account. At the Closing, the Underwriters shall pay or cause to be paid the purchase price of the Notes, less the amount of such deposit, without interest on such deposit. Should the Authority fail to deliver the Notes at Closing, or should the State Treasurer or the Authority be unable to satisfy the conditions to the obligations of the Underwriters to accept delivery of and to pay for the Notes, as set forth in this Agreement (unless waived by the Underwriters), or should such obligations of the Underwriters be terminated for a reason permitted by this Agreement, the Authority shall forthwith return the amount of such deposit within two business days, without interest, to RBC. If the Underwriters fail (other than for a reason permitted hereunder) to accept delivery of and pay for any of the Notes at the Closing as herein provided, such deposit shall be retained by the Authority as and for full liquidated damages for the failure of the Underwriters to accept delivery of and pay for the Notes. The retention of such deposit shall constitute a full release and discharge of all claims and rights of the State Treasurer and the Authority against the Underwriters on account of such failure. The Underwriters, the Authority, and the State Treasurer understand that in such event the Authority’s actual damages may be more or less than the amount of such deposit and the exact amount of actual damages will be difficult to ascertain. Accordingly, each of the

Underwriters waives any right to claim that the Authority's actual damages resulting from such failure are less than the amount of such liquidated damages and the execution of this Agreement by the State Treasurer and the Authority shall constitute a waiver of any right the State Treasurer or the Authority may have to additional damages from the Underwriters.

The Underwriters will purchase the Notes at a price of \$[_____] (being the aggregate principal amount of the Notes of \$[_____] , [[plus/minus] an aggregate original issue [premium/discount] of \$[_____]], less an Underwriters' discount of \$[_____] , and less the good faith deposit of \$[_____] (as described in the previous paragraph)). The Notes will be issued pursuant to the Constitution and laws of the State of California (the "State") and particularly under and pursuant to Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the California Education Code (the "Act"), and 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 Notes will mature in the amounts and on the dates, and bear interest at the rates per annum as set forth in Schedule I hereto.

The Authority will loan the proceeds of the sale of the Notes (the "Loan") to the borrowers listed in Schedule II hereto (each, a "Borrower" and collectively, the "Borrowers") pursuant to loan agreements, dated as of March 1, 2021 (each, a "Loan Agreement"), by and between the Authority and each Borrower, which proceeds will be applied by the related Borrower to finance working capital (as defined in the act) for certain charter schools operated by such Borrower listed in Schedule II hereto (each, a "School" and collectively, the "Schools") and to pay certain expenses incurred in connection with the issuance of the Notes (collectively, the "Program").

Concurrently with the execution of this Agreement, the Issuer shall deliver to the Underwriters a Pricing Confirmation Certificate, dated as of even date herewith, completed and duly executed by each Borrower substantially in the form attached hereto as Exhibit A (each, a "Pricing Certificate" and collectively, the "Pricing Certificates").

In connection with the issuance of the Notes, the Authority will enter into a Memorandum of Understanding, dated as of [_____] , 2021 (the "MOU"), by and among the Authority, the Office of the California State Controller (the "Controller"), and the California Department of Education (the "CDE").

The Series 2021A-1 Notes and the Series 2021B-1 Notes will be supported by an irrevocable direct pay letter of credit (the "Citibank Letter of Credit") issued by Citibank ("Citibank"), pursuant to a Reimbursement Agreement, dated as of March 1, 2021 (the "Citibank Reimbursement Agreement"), between Citibank and the Authority. The Series 2021A-2 Notes and the Series 2021B-2 Notes will be supported by an irrevocable direct pay letter of credit (the "RBOC Letter of Credit" and, together with the Citibank Letter of Credit, the "Letters of Credit") issued by Royal Bank of Canada ("RBOC" and, together with Citibank, the "Letter of Credit Banks"), pursuant to a Reimbursement Agreement, dated as of March 1, 2021 (the "RBOC Reimbursement Agreement" and, together with the Citibank Reimbursement Agreement, the "Reimbursement Agreements"), between RBOC and the Authority.

Simultaneously with the issuance of the Notes, each Borrower will provide to the Controller, a notice (the "Intercept Notice") under Education Code section 17199.4 with respect

to its Schools, including a schedule of transfers to be made to the Trustee representing the loan repayments under its Loan Agreement, which amounts are pledged to repayment of the Notes (the “Intercept”).

The Authority approved the issuance of the Notes and certain related matters pursuant to Resolution No. 21-[] adopted on February 25, 2021 (the “Resolution”).

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 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 representations and warranties of each Borrower in its Pricing Certificate, (iii) the certificates of the Authority, the Borrowers and the Trustee to be delivered pursuant hereto and (iv) the opinions of Orrick, Herrington & Sutcliffe, LLP, as Note Counsel (“Note Counsel”), Nixon Peabody LLP (“Disclosure Counsel”), the Attorney General of the State, as counsel to the Authority (“Issuer’s Counsel”), counsel to the Letter of Credit Banks, counsel to the Trustee, counsel to the Underwriters and counsel to the Borrowers, in each case as required to be delivered hereby.

The Indenture, the Loan Agreements, the MOU, the Continuing Disclosure Certificate, the Reimbursement Agreements and this Agreement are sometimes collectively referred to herein as the “Authority Documents.”

2. **Public Offering.** The Underwriters agree to make a bona fide public offering of all of the Notes at a price not to exceed the public offering prices or yields set forth on the cover of the Official Statement and may subsequently change such offering prices and 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 stated on the cover of the Official Statement.

3. **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 that it has reviewed and approved the information in the Preliminary Official Statement, has deemed the Preliminary Official Statement final as of its date within the meaning of Section 240.15c2-12 in Chapter II of Title 17 of the Code of Federal Regulations (“Rule 15c2-12”), 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 Disclosure 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, the Loan Agreements and the MOU. 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 (“EMMA”) 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.

4. 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, 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;

(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 thereto) were and are true and correct in all material respects, and did not and do not contain any 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;][CSFA/AG reviewing]

(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 thereto) are and will be true and correct in all material respects, and do not and will not contain any 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;][CSFA/AG reviewing]

(vii) Reserved;

(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 6 and Section 9 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 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 from proceeds of the Notes, 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, the Authority will notify the Underwriters, and if in the reasonable opinion of either 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 from proceeds of the Notes and provided further that, for purposes of this provision, the end of the underwriting period shall be the Closing Date unless the either of the Underwriters on the Closing provides written notice to the contrary to the Authority;

(xiv) For twenty-five (25) days from the date of the end of the underwriting period, the Authority will not participate in the issuance of any amendment or supplement to the Official Statement to which, after being furnished with a copy, the Trustee or the Underwriters shall reasonably object in writing or which shall be disapproved by any of their respective counsel; and

(xv) 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 4 are true as of the date hereof; provided, that as to information furnished by the Borrowers pursuant to the Pricing Certificates or otherwise, the Authority is relying on such information in making the Authority's representations, warranties and agreements; and 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 Date 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.

5. **Closing.** At or before 10:00 a.m. California time, on March 30, 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.

6. **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 Closing Date. 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 Closing Date, as if made on the Closing Date;

(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, the Letters of Credit 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 adopted by the Authority and the Authority shall have duly issued 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 Program or 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) Reserved;

(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) Fully executed and final copies of the Authority Documents, as applicable;

(d) Specimen copies of each of the Letters of Credit, issued by the applicable Letter of Credit Bank in favor of the Trustee in an amount equal to at least the principal amount of the applicable series of the Notes supported by such Letter of Credit and [] days' interest thereon calculated at the rate applicable to such Notes;

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

(f) A supplemental opinion of Note Counsel addressed to the Authority and the Underwriters, substantially to the effect that:

(A) the Notes are not subject to the registration requirements of the Securities Act, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(B) this Agreement has been duly executed and delivered by, and is a valid and binding agreement of, the Authority;

(C) The statements contained in the Official Statement under the captions “THE NOTES,” “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES,” “TAX MATTERS,” Appendix C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS,” and Appendix D – “FORM OF NOTE COUNSEL OPINION,” excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the Indenture, the Loan Agreement, the Intercept Notices, the MOU, and the form and content of Note Counsel’s approving opinions with respect to the Notes, are accurate in all material respects;

(h) An opinion of Issuer’s Counsel, dated the Closing Date, substantially in the form attached hereto as Exhibit B;

(i) An opinion of counsel to each Borrower addressed to the Authority, Note Counsel, the Trustee and the Underwriters substantially in the form attached hereto as Exhibit C, with such changes as may be approved by Note Counsel;

(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) An opinion of counsel to the Letter of Credit Bank, dated the Closing Date and addressed to the Underwriters, the Authority, Note Counsel and Moody’s Investors Service (“Moody’s”), in form and substance acceptable to the Underwriters, the Authority, Bond Counsel and Moody’s;

(m) An opinion of Canada counsel to RBOC, dated the Closing Date and addressed to the Underwriters, the Authority, Note Counsel and Moody’s in form and substance acceptable to the Underwriters, the Authority, Bond Counsel and Moody’s;

(n) An opinion of Disclosure Counsel, dated the Closing Date addressed to the Authority and the Underwriters substantially in the form attached hereto as Exhibit D;

(o) 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;

(p) A certificate of an authorized officer of Citibank, dated the Closing Date, to the effect that the information under the captions "CITIBANK" and "LETTERS OF CREDIT – Series A-1 and Series B-1 Letters of Credit" in the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made under such caption, in the light of the circumstances under which they were made, not misleading;

(q) A certificate of an authorized officer of RBOC, dated the Closing Date, to the effect that the information under the captions "ROYAL BANK OF CANADA" and "LETTERS OF CREDIT – Series A-2 and Series B-2 Letters of Credit" in the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made under such caption, in the light of the circumstances under which they were made, not misleading;

(r) Evidence reasonably acceptable to the Underwriters that the Grant-Funded Reserve Fund Deposit (as defined in the Official Statement) has been deposited into the Grant-Funded Reserve Subaccount established under the Indenture;

(s) Evidence reasonably acceptable to the Underwriters that each School is in good standing with its charter authorizer;

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

(u) A copy of the Intercept Notice for each School;

(v) The representations and warranties of each Borrower contained in its Pricing Certificate shall be true and correct on the date hereof and on and as of the date of the Closing Date, as if made on each such dates;

(w) Each Borrower shall have performed and complied with all agreements and conditions required by the Pricing Certificate to be performed or complied with by it prior to or at the Closing Date;

(x) Evidence satisfactory to the Underwriters that the Notes have been rated "[]" by Moody's, and that such rating is in effect as of the Closing Date; and

(y) 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 10) shall be under any further obligation hereunder.

7. **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 10(viii), which are set forth herein, shall have been delivered substantially in the forms set forth herein, and the other documents contemplated by Section 10(viii) shall have been delivered to the Authority in form and substance satisfactory to Note Counsel and the Authority.

8. **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.

9. **Termination.** Either of the Underwriters, after notifying the State Treasurer and the Authority, shall have the right to cancel the obligations of the Underwriters to purchase the Notes if, between the date of this Agreement and the Closing Date, the market price or marketability of the Notes, or the ability of the Underwriters to enforce contracts for the sale of the Notes, shall be materially adversely affected, in the sole, reasonable judgment of the either of the Underwriters, following consultation with the State Treasurer and the Authority, by the occurrence of any of the following:

(i) 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;

(ii) 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;

(iii) 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;

(iv) 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;

(v) 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;

(vi) any event occurring, or information becoming known which 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;

(vii) 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;

(viii) 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;

(ix) any rating of the Notes shall have been downgraded or withdrawn by Moody's, provided that neither a change in outlook or placement on a "watch list" with respect to such rating shall constitute a downgrade for purposes of the foregoing;

(x) reserved;

(xi) 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

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

Any notice of termination pursuant to this Section 9 shall be given in the manner provided in Section 11 hereof. If this Agreement shall be terminated as provided in this Section 9, such termination shall be without liability of the State Treasurer, the Authority or the Underwriters.

10. **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 or the Letters of Credit, (ii) the fees and disbursements of Note Counsel, the State Treasurer, Disclosure Counsel and Issuer's Counsel; (iii) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Authority, including Montague DeRose and Associates, as municipal advisor to the Authority; (iv) the fees for bond 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 (excluding 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.

11. **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 the Underwriters: RBC Capital Markets, LLC, 777 South Figueroa Street, Suite 850, Los Angeles, California 90017, Attention: John Solarczyk and Citigroup Global Markets Inc., One Sansome Street, 25th Floor, San Francisco, California 94104, Attention: Debra Saunders.

12. **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.

13. **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.

14. **Choice of Law; Forum and Venue.** This Agreement shall be governed by and interpreted under the laws of the State. 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.

15. **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.

16. **Business Day.** For purposes of this Agreement, “business day” means any day on which the New York Stock Exchange is open for trading.

17. **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.

18. **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.

19. **Limitation of Liability of Authority.** Neither the Authority nor the State Treasurer shall be directly, indirectly, contingently or otherwise liable for any costs, expenses, losses, damaging claims or actions of any conceivable kind under any conceivable theory under this Agreement or any document or instrument referred to herein or by reason of or in connection with this Agreement or other document or instrument except to the extent it receives amounts from the Borrowers available for such purpose.

20. **Target Business Enterprise in the Professional Bond Services Report.** Not later than 10 calendar days after the Closing Date, the Underwriters shall submit to the Authority the Target Business Enterprise in the Professional Bond Services Report required pursuant to Section 1899.532 of Subchapter 4, of Chapter 4, Division 2 of Title 2 of the California Code of Regulations.

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.

[Remainder of Page Left Blank Intentionally]

[Underwriter Signature Page to CSFA ASAP Program Note Purchase Agreement]

Respectfully submitted,

RBC CAPITAL MARKETS, LLC,
as Underwriter

By: _____
Name: John Solarczyk
Title: Managing Director

CITIGROUP GLOBAL MARKETS INC.,
as Underwriter

By: _____
Authorized Representative

[Treasurer and Authority Signature Page to CSFA ASAP Program 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
REVENUE NOTES
(ASAP PROGRAM)
SERIES 2021
(FEDERALLY TAXABLE)**

Series	Par	Rate	Maturity Date	Yield	Price
2021A-1	\$	%	December 30, 2021	%	%
2021A-2			December 30, 2021		
2021B-1			December 30, 2021		
2021B-2			December 30, 2021		

No Redemption. The Notes are not subject to redemption prior to their stated maturity.

SCHEDULE II

THE BORROWERS AND THE SCHOOLS

<u>Borrower</u>	<u>Schools</u>

EXHIBIT A

FORM OF PRICING CERTIFICATE

PRICING CONFIRMATION CERTIFICATE

This Pricing Confirmation Certificate (this “Certificate”) sets forth the final pricing terms of the California School Finance Authority Revenue Notes (ASAP Program) Series 2021A-1 (the “Series 2021A-1 Notes”), the California School Finance Authority Revenue Notes (ASAP Program) Series 2021A-2 (the “Series 2021A-2 Notes”), the California School Finance Authority Revenue Notes (ASAP Program) Series 2021B-1 (the “Series 2021B-1 Notes”) and the California School Finance Authority Revenue Notes (ASAP Program) Series 2021B-2 (the “Series 2021B-2 Notes” and, collectively with the Series 2021A-1 Notes, the Series 2021A-2 Notes and the Series 2021B-1 Notes, the “Notes”). A portion of the proceeds (the “Borrower’s Allocable Portion”) of the Notes will be loaned by California School Finance Authority (the “Authority”) to the Borrower signatory hereto (the “Borrower”) as indicated in Schedule I. By delivering this Certificate, in order to induce the Underwriters (as defined below) to purchase the Notes, the Borrower (a) acknowledges the terms of the Notes set forth herein, (b) commits to executing and delivering the Loan Agreement (as defined below) and borrowing the Borrower’s Allocable Portion from the Authority on March [], 2021 (the “Closing Date”), and (c) makes the representations and warranties set forth below. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture (as hereinafter defined).

1. **Terms of the Notes.** The final terms applicable to the Notes are as follows:

a. **Interest Rate.**

The interest rate on the Series 2021A-1 Notes shall be between []% and []% per annum, calculated on the basis of a 360-day year of twelve 30-day months. The Series 2021A-1 Notes shall be sold at a price between []% and []% of the principal amount thereof, priced to yield between []% and []%.

The interest rate on the Series 2021A-2 Notes shall be between []% and []% per annum, calculated on the basis of a 360-day year of twelve 30-day months. The Series 2021A-2 Notes shall be sold at a price between []% and []% of the principal amount thereof, priced to yield between []% and []%.

The interest rate on the Series 2021B-1 Notes shall be between []% and []% per annum, calculated on the basis of a 360-day year of twelve 30-day months. The Series 2021B-1 Notes shall be sold at a price between []% and []% of the principal amount thereof, priced to yield between []% and []%.

The interest rate on the Series 2021B-2 Notes shall be between []% and []% per annum, calculated on the basis of a 360-day year of twelve 30-day months. The Series 2021B-2 Notes shall be sold at a price between []% and []% of the principal amount thereof, priced to yield between []% and []%.

The Borrower hereby authorizes the Authority to finalize the interest rates on the Notes on behalf of the Borrower within the ranges set forth above, which shall be conclusively evidenced by the execution and delivery by the Authority of the Note Purchase Agreement, dated as of even date herewith (the “Note Purchase Agreement”), by and between the Authority, Honorable Fiona Ma,

Treasurer of the State of California, as agent for sale on behalf of the Authority, and RBC Capital Markets, LLC and Citigroup (together, the “Underwriters”).

b. ***Maturity Date.*** The Maturity Date for all of the Notes shall be December 31, 2021.

c. ***Prepayment.*** The Notes are not subject to prepayment prior to the Maturity Date.

d. ***Letters of Credit.*** Payment of the principal of and interest on each series of the Notes will be supported by funds drawn under an irrevocable direct-pay letter of credit issued by either Citibank or Royal Bank of Canada (each, a “Letter of Credit Bank”), pursuant to a Reimbursement Agreement by and between such Letter of Credit Bank and the Authority (each, a “Reimbursement Agreement”). Each Letter of Credit Bank shall be paid a fee equal to \$[] (the “Letter of Credit Fee”), of which the Borrower shall pay a prorated portion based on the Borrower’s Allocable Portion. Each Reimbursement Agreement entitles the Letter of Credit Bank named therein to exercise certain rights with respect to the Notes and to reimbursement of draws at a default rate from funds on deposit or to be on deposit under the Indentures (as defined below).

e. ***Principal Amount, Issuance Costs, and Credit Enhancement Fee Deposit Amount.*** The principal amount, issuance costs and credit enhancement fee deposit amount related to the Borrower’s Allocable Portion shall be as set forth in Schedule I hereto with respect to the Borrower. Such amount shall be deposited in the funds and accounts established under the Indentures applicable to such series of the Notes, each dated as of March 1, 2021, by and between the Authority and U.S. Bank National Association (each, an “Indenture” and collectively, the “Indentures”), and shall be applied in accordance with the terms of such Indenture.

2. ***Representations and Warranties.*** The Borrower hereby represents and warrants as follows:

(a) The Borrower is a nonprofit public benefit corporation duly incorporated and in good standing under the laws of the State, and has full legal right, power and authority to deliver this Certificate, to enter into the Loan Agreement, dated as of March 1, 2021, by and between the Authority and the Borrower (the “Loan Agreement”) and to carry out all of its obligations under and consummate all transactions contemplated by the Loan Agreement, and by proper corporate action has duly authorized the execution, delivery and performance of this Certificate and the Loan Agreement.

(b) The officers of the Borrower executing this Loan Agreement are duly and properly in office and fully authorized to execute the same.

(c) The execution and delivery of this Certificate and the Loan Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the articles of incorporation of the Borrower, its bylaws, any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the

consummation of the transactions contemplated by the Loan Agreement, or the financial condition, assets, properties or operations of the Borrower.

(d) No consent or approval of any trustee or holder of any indebtedness of the Borrower or any guarantor of indebtedness of or other provider of credit or liquidity of the Borrower, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except with respect to any state securities or “blue sky” laws) is necessary in connection with the execution and delivery of the Loan Agreement, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

(e) There is no action, suit, proceeding, inquiry or investigation, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Borrower, after reasonable investigation, threatened, against or affecting the Borrower or the assets, properties or operations of the Borrower which, if determined adversely to the Borrower or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Loan Agreement, or upon the financial condition, assets, properties or operations of the Borrower, and the Borrower is not in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Loan Agreement, or the financial condition, assets, properties or operations of the Borrower. All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein.

(f) No written information, exhibit or report furnished to the Authority by or on behalf of the Borrower in connection with the Borrower’s application to the Program contains any untrue statement of a 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; provided, however, that the Borrower has not made any independent investigation or inquiry into the truth, accuracy or completeness of any report written or provided by any third party.

(g) The Borrower is an organization described in Section 501(c)(3) of the Code and is exempt from federal income tax under Section 501(a) of the Code, except for unrelated business taxable income under Section 511 of the Code, and is not a private foundation as described in Section 509(a) of the Code.

(h) The Borrower is a “participating party” as such terms are defined in Section 17173, subdivision (i), paragraph (1), of the Act.

(i) The Borrower will apply the Borrower’s Allocable Portion exclusively to “working capital” as such term is defined in Section 17173, subdivision (k) of the Act, and, to the

extent the Borrower's Allocable Portion is related to proceeds of the Series 2021A-1 Notes or the Series 2021A-2 Notes, to working capital which is related to Borrower's facilities expenses. The facility expenses for the fiscal year ending June 30, 2021 for each of the Borrower's Schools participating in the Program is set forth in Schedule II attached hereto.

(j) All representations, warranties and covenants made by the Borrower in the Borrower's application and questionnaire to the Authority for participation in the Authority's ASAP Program are true and correct on this date as if made on this date.

3. **Indemnification.** To the extent permitted by law, the Borrower agrees to indemnify and hold harmless the Authority, the State Treasurer, the Underwriters, the Letter of Credit Banks and each person, if any, who controls (as such term is defined in Section 15 of the Securities Act of 1933, as amended (the "Securities Act")) any of the Underwriters or the Letter of Credit Banks and the members, officers, agents and employees of the State Treasurer and the Authority (collectively, the "Indemnified Persons," and individually, an "Indemnified Person") from and against any and all judgments, losses, claims, damages or liabilities, joint or several, to which any Indemnified Person may become subject insofar as such judgments, 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 provided by the Borrower in connection with the Program, or that 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, and will reimburse each Indemnified Person for any legal or other expenses incurred by such Indemnified Person in connection with investigating, defending or preparing to defend any such loss, claim, damage, liability, penalty or any action in respect thereof.

In case any claim shall be made or action brought against any Indemnified Person based upon Borrower's representations in connection with the Program, in respect of which indemnity may be sought against the Borrower hereunder, such Indemnified Party shall promptly notify the Borrower in writing setting forth the particulars of such claim or action and the Borrower shall assume the defense thereof including the retaining of counsel and the payment of all expenses. Any Indemnified Person shall have the right to retain separate counsel in any such action and to participate in the defense thereof but shall bear the fees and expenses of such counsel unless: (i) the Borrower shall have specifically authorized the retaining of such counsel and has consented to pay the fees and expenses thereof, such consent not to be unreasonably withheld; (ii) the Attorney General assumes the defense of the Authority or the State Treasurer, or any Indemnified Party thereof, in which case the Borrower shall not be entitled to assume the defense of such suit notwithstanding its obligation to bear the fees and expenses of such counsel; (iii) the parties to such suit include said Indemnified Person, and the Borrower and such Indemnified Person or Persons have been advised by such counsel that one or more legal defenses may be available to said Indemnified Person or Persons which may not be available to the Borrower, in which case the Borrower shall not be entitled to assume the defense of such suit notwithstanding its obligation to bear the fees and expenses of such counsel; or (iv) the Borrower has failed to assume the defense and employ counsel reasonably acceptable to the Indemnitee.

4. **Closing Requirements.** In addition to this Certificate being delivered on the date set forth below, at or prior to the Closing Date, the Borrower commits to provide an original of

each of the following documents, in each case dated as of the Closing Date (unless otherwise noted below) and satisfactory in form and substance to the Representative of the Underwriters:

(a) The execution and delivery by the Borrower of a certificate, together with a fully executed copy of the Resolution, of the secretary of the governing body of the Borrower, to the effect that: (1) such copy is a true and correct copy of the Resolution; and (2) that the Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the Closing Date.

(b) The execution and delivery by the Borrower of the Loan Agreement, dated as of its dated date, substantially in the form approved in the Resolution, completed in a form acceptable to Bond Counsel.

(c) The execution and delivery by the Borrower of bring-down closing and incumbency certificates dated the Closing Date and acceptable to Bond Counsel.

(d) Delivery of a legal opinion, dated the date of Closing Date of counsel to the Borrower, in form and substance acceptable to Bond Counsel, with respect to the due authorization, execution, delivery and enforceability of the Loan Agreement and the status of the Borrower as an entity described in Section 501(c)(3) of the Code.

(e) The execution and delivery by the Borrower of a [Consent Pursuant to the Loan Agreement] acceptable to Bond Counsel.

(f) 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 Borrower's participation in the Program and the legal, valid and binding nature thereof, as well as compliance of all parties with the terms and conditions thereof.

5. **Survival.** The representations, warranties, agreements and indemnities herein shall survive the Closing Date.

6. **Reliance.** The undersigned understands that the foregoing information and commitments will be relied upon by the Authority, the Treasurer of the State of California, and the Underwriters in connection with entering into the Note Purchase Agreement and in connection with consummating the issuance and underwriting, respectively, of the Notes. The Borrower acknowledges and agrees that its failure to complete the Closing Requirements described in Section 4 hereof prior to the Closing Date will result in substantial impairment to the Program and the other borrowers participating in the Program, and will subject the Borrower to substantial liabilities.

7. **Electronic Signatures.** To the fullest extent permitted by applicable law, electronically transmitted or facsimile signatures or other electronic format (including without limitation, "pdf" "tif" or "jpg") and other electronic signatures (including, without limitation, DocuSign and AdobeSign) and authorized and will have the same effect as though facsimile signature or other signature were originals executions, and this Certificate will be deemed executed by a party when a signature page, or facsimile or other electronic signature pages, executed by that party is transmitted to each of the other parties as they have directed.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Pricing Confirmation Certificate has been executed by the undersigned authorized representative acting on behalf of the Borrower.

Dated: [Pricing Date]

[BORROWER],
a California nonprofit public benefit corporation

By: _____

SCHEDULE I

Borrower	School	Principal Amount Series 2021A-1	Principal Amount Series 2021A-2	Principal Amount Series 2021B-1	Principal Amount Series 2021B-1	Issuance Costs	Credit Enhancement Fee Deposit Amount

SCHEDULE II

BORROWER'S FACILITY EXPENSES FOR FISCAL YEAR ENDING JUNE 30, 2021

School	Amount

EXHIBIT B

FORM OF OPINION OF ISSUER’S COUNSEL

March 30, 2021

California School Finance Authority
915 Capitol Mall, Suite 101
Sacramento, California 95814

**CALIFORNIA SCHOOL FINANCE AUTHORITY
REVENUE NOTES
(ASAP PROGRAM)**

Comprised of

\$ _____ *		\$ _____ *
SERIES 2021A-1 (FEDERALLY TAXABLE)		SERIES 2021B-1 (FEDERALLY TAXABLE)
	and	
\$ _____ *		\$ _____ *
SERIES 2021A-2 (FEDERALLY TAXABLE)		SERIES 2021B-2 (FEDERALLY TAXABLE)

Ladies and Gentlemen:

We have acted as counsel to the California School Finance Authority (the “Authority”) in connection with the issuance of the above-referenced notes (the “Notes”). This opinion is delivered to you pursuant to Section 6(viii)(h) of the Note Purchase Agreement, dated March [], 2021 (the “Purchase Agreement”), among the Authority, the Treasurer of the State of California, as agent for sale on behalf of the Authority, and RBC Capital Markets, LLC and Citigroup Global Markets Inc., as underwriters.

The Notes are being issued pursuant to the provisions of 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 (the “Act”) and under 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 proceeds of the Notes are being loaned by the Authority to the Borrowers listed in the Purchase Agreement pursuant to separate loan agreements, each dated as of March 1, 2021 (each, a “Loan Agreement” and collectively, the “Loan Agreements”), by and between the Authority and the Borrower signatory thereto. Capitalized terms used herein and not otherwise defined have the meanings given in the Indenture.

The only source of payment for the principal of and interest on the Notes are the revenues to be received from sources other than the Authority and pledged under the Indenture and amounts held in certain funds and accounts under the Indenture to the extent described in the Indenture. Neither the faith and credit nor the taxing power of the State of California or any subdivision thereof, or any local agency, is pledged to the payment of the principal of or premium, if any, or interest on, the Notes. The Authority has no taxing power with which to provide for the payment of the principal of or premium, if any, or interest on, the Notes, nor does it have the power to

commit the faith and credit or the taxing power of the State of California or any subdivision thereof, or any local agency, to the payment of the principal of or premium, if any, or interest on, the Notes.

In such connection, we have reviewed the Indenture, the Purchase Agreement, the Loan Agreements and the Reimbursement Agreements (the “Authority Documents”), certificates of the Authority and others, certain parts of the Official Statement relating to the Notes, dated March [], 2021 (the “Official Statement”) under the captions “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION – The Authority,” and such other documents, opinions and matters to the extent deemed necessary to render the opinions set forth herein. As to questions of fact material to this opinion, we have relied upon representations contained in the Authority Documents and in certain certificates, documents, records, statements and opinions furnished by, or on behalf of, the Borrowers and the Authority, without undertaking to verify such facts by independent investigation. In addition, we have assumed compliance by the parties with the covenants and agreements contained in Authority Documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof, and we disclaim any obligation to update this opinion. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the immediately preceding paragraph hereof.

We express no opinion as to whether interest on the Notes is excluded from gross income for federal income tax purposes or exempt from State of California personal income taxes or as to any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. We take no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Notes and express no opinion with respect thereto, except as expressly set forth in numbered paragraph 2 below.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that:

1. The Authority is duly organized and validly existing under the Constitution and laws of the State of California.

2. The Official Statement has been duly authorized, executed and delivered by the Authority, and the information contained in the Official Statement under the captions “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION – The Authority” is true and correct, in all material respects.

3. Resolution No. 21-[04] of the Authority, adopted on February 25, 2021, approving and authorizing the issuance of the Notes and the execution and delivery of the Authority Documents, was duly adopted at a meeting of the Authority which was called and held pursuant

to law and with all public notice required by law and at which a quorum was present and acting throughout.

4. To the best of our knowledge, there is no action, suit or proceeding pending (with service of process against the Authority having been accomplished) or any action, suit, proceeding, inquiry or investigation before any court, governmental agency, public board or body to our knowledge threatened against the Authority to restrain or enjoin the issuance or delivery of the Notes, the collection of revenues pledged under the Indenture, the assignment of the Loan Agreements under the Indenture or the loaning of the proceeds of the Notes to the Borrower under the Loan Agreements, or contesting any authority for the issuance of the Notes, the validity of the Notes or the Authority Documents, or contesting the existence or powers of the Authority with respect to the issuance of the Notes or the security therefor, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Authority Documents or the validity of the Notes (it being understood that we have made no docket search of state or federal courts nor any other similar inquiry regarding such matters).

5. The execution and delivery of the Notes and the Authority Documents and compliance with the provisions thereof under the circumstances contemplated thereby do not and will not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any agreement or other instrument known to me to which the Authority is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Authority is subject, which would, in any such case, adversely affect the Authority's ability to perform its obligations under the Authority Documents; provided that no representation is made regarding compliance with any federal or state securities or "blue sky" laws.

6. The Authority Documents have been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery of the Authority Documents by the other parties thereto, the Authority Documents are valid and binding obligations of the Authority, and the Notes have been duly authorized, executed and delivered and, assuming proper authentication by the Trustee, constitute valid and binding limited obligations of the Authority, payable only from revenues pledged under the Indenture and from certain other specified funds in accordance with their terms and secured as provided in the Indenture, in each case, enforceable in accordance with their respective terms, subject to the laws relating to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws related to or affecting creditors' rights generally and to the application of equitable principles as the court having jurisdiction may impose, regardless of whether such enforceability is considered in a proceeding in equity or at law, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, severability, or waiver provisions contained in the Authority Documents.

We are furnishing this letter to you as your counsel. It is being delivered to you as issuer of the Notes, is solely for your benefit as such issuer, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Notes or by any other party to whom it is not specifically addressed.

Sincerely,

Deputy Attorney General

For XAVIER BECERRA
Attorney General

EXHIBIT C

FORM OF OPINION OF BORROWER'S COUNSEL

[Closing Date]

California School Finance Authority
Sacramento, California

Orrick, Herrington & Sutcliffe, LLP
Los Angeles, California

RBC Capital Markets, LLC
Los Angeles, California

Citigroup Global Markets Inc.
Los Angeles, California

U.S. Bank National Association
San Francisco, California

***Re: California School Finance Authority Charter Revenue Notes (ASAP Program)
Series 2021 (Federally Taxable)***

Ladies and Gentlemen:

We have acted as special counsel to [Borrower], a California nonprofit public benefit corporation (“Borrower”), in connection with the issuance of California School Finance Authority Revenue Notes (ASAP Program) Series 2021 (Federally Taxable) (the “Notes”) pursuant to an Indenture, dated as of [_____]1, 2021 (the “Indenture”) between the California School Finance Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”). This letter is furnished to you at the request of the Borrower pursuant to the requirements of that certain Note Purchase Agreement, dated as of [_____]1, 2021 (the “Purchase Agreement”), by and among the Authority, the Treasurer of the State of California, as agent for sale on behalf of the Authority, and RBC Capital Markets, LLC and Citigroup Global Markets Inc. (together, the “Underwriters”). The Notes are being issued by the Authority pursuant to the Indenture. The Authority will loan a portion of the proceeds of the Notes in the principal amount of up to \$[_____] to the Borrower pursuant to a Loan Agreement dated as of March 11, 2021 (the “Loan Agreement”), by and between the Authority and the Borrower. Proceeds of the Notes will be used by the Borrower for working capital purposes of the charter school[s] known as [Name(s) of School(s) participating in the financing] (the “School[s]”) under the Charter Schools Act of 1992, as amended (constituting Part 26.8 of Division 4 of Title 2 of the California Education Code) (the “Charter School Law”). The Loan Agreement, the Pricing Certificate (as defined in the Note Purchase Agreement) and the other documents listed in Attachment A hereto as collectively referred to herein as the “Borrower Documents.”

An Official Statement, dated [_____]1, 2021 (the “Official Statement”) has been prepared to furnish information with respect to the sale and delivery of the Notes.

Based upon and subject to the foregoing and to the qualifications and limitations set forth below, it is our opinion that:

1. The Borrower is a nonprofit public benefit corporation duly organized, validly existing and in good standing under the laws of the State of California.

2. The Borrower has the corporate power to enter into and perform its obligations under the Borrower Documents and to carry out its business as presently conducted.

3. The Borrower has taken all corporate action necessary to authorize the execution and delivery of, and the performance of its obligations under, the Borrower Documents. The Borrower has duly and validly executed and delivered the Borrower Documents. The Borrower has authorized the use and distribution by the Underwriters of the Official Statement.

4. Each of the Borrower Documents is a valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as the enforceability thereof may be limited by (a) bankruptcy, insolvency, reorganization, receivership, moratorium and other similar laws affecting the rights of creditors generally (including, without limitation, fraudulent conveyance laws) and (b) general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether considered in a proceeding in equity or at law.

5. The approval of the Indenture by the Borrower, the execution and delivery by the Borrower of the Borrower Documents, and the performance of the obligations of the Borrower of its obligations under the Borrower Documents do not and will not (a) violate the articles of incorporation or the bylaws of the Borrower, (b) violate any United States federal or State of California law, rule or regulation that in our experience is typically applicable to transactions of the nature contemplated by such Borrower Documents or generally applicable to companies engaged in the same line of business as the Borrower (except for federal or state blue sky or securities laws, as to which no opinion is expressed), (c) result in a breach of or constitute a default under any of the agreements identified to us as agreements to which the Borrower or any of its properties is bound, the breach of which, non-compliance with which, or default under which would materially and adversely affect the consummation of the Borrower Documents and the transactions contemplated thereby or the financial condition, assets, properties, or operations of the Borrower (which agreements are listed in Attachment B attached hereto), or (d) violate any judgment, order, or decree of any court or arbitrator identified to us by the Borrower.

6. The Borrower is a “participating party” as defined in the California School Finance Authority Act (constituting Chapter 18 of Part 10 of Division 1 of Title 1 of the California Education Code).

7. Each School is a charter school established pursuant to the Charter School Law, and the charter petition for the School granted by the [Name of Authorizer] (the “Authorizer”), with a term from July 1, 20[___], through June 30, 20[___] (the “Charter”) has been approved by the Authorizer and is in full force and effect.

8. The Borrower is an organization described in Section 501(c)(3) of the Code that is exempt from federal income taxes under Section 501(a) of the Code, except with respect to any unrelated business income subject to taxation under Section 511 of the Code; to the best of our knowledge, the Borrower has neither (a) received notification from the IRS to the effect that

the Borrower is not an organization described in Section 501(c) of the Code, nor (b) taken or failed to take any action (including failure to file any return, report or documents with the IRS) which would jeopardize the status of the Borrower as an organization described in Section 501(c)(3) of the Code. Furthermore, we have no current actual knowledge of any information which would indicate that (1) the Borrower is no longer an organization described in Section 501(c)(3) of the Code or (2) the Borrower is in violation of the terms, conditions and limitations of its letter of determination from the IRS.

ATTACHMENT A
Borrower Documents

1. PRICING CONFIRMATION CERTIFICATE.
2. LOAN AGREEMENT.
3. INTERCEPT NOTICE.

ATTACHMENT B

Agreements

1. [Charter for each School]
2. [All outstanding loan, financing and security agreements other than those related to the Notes]
3. [Other agreements material to the Borrower's operations]

EXHIBIT D

FORM OF DISCLOSURE COUNSEL OPINION

_____, 2021

California School Finance Authority
Executive Director
Sacramento, California

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

California School Finance Authority
Revenue Notes
(ASAP Program)

\$ _____
Series 2021A-1 (Federally Taxable)

\$ _____
Series 2021B-1 (Federally Taxable)

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

and
\$ _____
Series 2021B-2 (Federally Taxable)

Ladies and Gentlemen:

We have represented the California School Finance Authority (the "Authority") as Disclosure Counsel with respect to the Preliminary Official Statement and the Official Statement (each defined below) in connection with the sale and issuance of the above-captioned Revenue Notes (collectively, the "Notes") pursuant to the Note Purchase Agreement dated March __, 2021 (the "Purchase Agreement"), among RBC Capital Markets, LLC and Citigroup Global Markets Inc. as Underwriters (collectively, the "Underwriters"), the Authority, and the Treasurer of the State of California (the "State"), as agent for the sale on behalf of the Authority. Capitalized terms not otherwise defined in this letter shall have the meanings set forth in the Official Statement dated _____, 2021, relating to the Notes (the "Official Statement"). We have printed a copy of the Preliminary Official Statement dated ____, 2021 relating to the Notes (the "Preliminary Official Statement") and the Official Statement and we assume all electronic and printed copies of the Preliminary Official Statement and the Official Statement, respectively, are identical in all respects to the Preliminary Official Statement and the Official Statement, respectively, that we printed.

In our capacity as Disclosure Counsel to the Authority, we have examined, among other things, the Preliminary Official Statement, the Official Statement, and originals, or copies certified or otherwise identified to our satisfaction as being true copies of the originals, of such records, documents, letters, certificates, instruments, and opinions as we considered necessary or appropriate for the basis of our views and conclusions herein. In particular, for purposes of rendering these views and conclusions, we have assumed the correctness of the opinions of (i) Orrick, Herrington & Sutcliffe, LLP (“OHS”), as Note Counsel to the Authority, (ii) the Honorable _____, Attorney General of the State of California (the “Attorney General”), and (iii) the various counsel to the Borrowers, each dated the date hereof. We have assumed, but not independently verified, that the signatures on all documents, letters, opinions and certificates that we have examined are genuine, that all documents, letters, opinions and certificates submitted to us are authentic and were duly and properly executed by the parties thereto and that all representations and other statements made in the documents, letters, opinions and certificates that we have reviewed are true and accurate.

On the basis of the foregoing and in reliance thereon, we are of the opinion that the Notes are exempt from registration under the Securities Act of 1933, as amended, and the Indenture is exempt from qualification under the Trust Indenture Act of 1939, as amended.

We have not been engaged to, are not passing upon and do not assume any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. During the course of serving as Disclosure Counsel with respect to the Preliminary Official Statement and the Official Statement, certain of our lawyers participated in conferences with representatives of the Authority, the State Treasurer’s Office, the State Controller’s Office, the Attorney General’s Office, OHS, various counsel to the Letter of Credit Banks, the Underwriters, Kutak Rock LLP, as Underwriters’ Counsel, Montague DeRose and Associates, LLC, as Municipal Advisor to the Authority, and others, during which the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. The statements made and the information contained in the Preliminary Official Statement and the Official Statement were either provided by or reviewed on numerous occasions for their accuracy and completeness by the aforementioned representatives of the Authority.

Based upon the information made available to us in the course of the foregoing and our participation in the above-mentioned conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon and on other records, documents, matters and assumptions described above, and subject to the qualifications set forth herein, we advise you as a matter of fact and not opinion that no information came to the attention of the lawyers in our firm rendering services in this matter that caused us to believe that the Preliminary Official Statement as of _____, 2021 or the Official Statement as of its date or as of the date hereof (except for (i) with respect to the Preliminary Official Statement, any permitted omissions allowed pursuant to Rule 15c2-12 of the Securities and Exchange Commission and (ii) with respect to both the Preliminary Official Statement and the Official Statement, CUSIP or other identification numbers, financial, accounting, statistical, economic, engineering or demographic data or forecasts, statements related to or setting forth the initial offering prices or yields on the Notes, numbers, charts, tables, graphs, estimates, projections, assumptions, expressions of opinion, information contained on any website referenced in the Preliminary Official Statement or the Official Statement, the information relating to the tax aspects of the Notes, including but not limited to information contained under the captions, “TAX MATTERS,” information contained under the captions “LETTERS OF CREDIT,” “CITIBANK,” “ROYAL BANK OF CANADA,” “ABSENCE OF MATERIAL LITIGATION,” “MUNICIPAL ADVISOR,” “UNDERWRITING” and information about ratings and rating agencies and information relating to The Depository Trust Company, New York, New York and its book-entry system contained therein and incorporated therein by reference, and the appendices to the Preliminary Official Statement and the Official Statement, as to all of which we express no opinion or view) contained or contains any untrue

statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

We advise you that, other than reviewing the various certificates and opinions regarding the Preliminary Official Statement and the Official Statement delivered in connection with the issuance of the Notes, we have not taken any steps since the date of the Official Statement to verify the accuracy of the statements contained in the Official Statement as of the date hereof. No responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Official Statement or the Official Statement.

By acceptance of this letter, you acknowledge that any view or conclusion stated herein constitutes neither a legal opinion nor a guarantee regarding the Preliminary Official Statement or the Official Statement; rather it is a statement of negative assurance regarding factual information that did not come to the attention of the attorneys in our firm working on this matter during the limited activities we performed as Disclosure Counsel with respect to the Preliminary Official Statement and the Official Statement. Further, in accepting this letter the Authority recognizes and acknowledges that (i) the scope of those activities performed by us were inherently limited and do not encompass all activities that the Authority may be responsible to undertake in preparing the Preliminary Official Statement and the Official Statement, (ii) those activities performed by us relied substantially on representations, warranties, certifications and opinions made by representatives of the Authority and others, and are otherwise subject to the matters set forth in this letter, and (iii) while such statements of negative assurance are customarily given to underwriters of municipal bonds to assist them in discharging their responsibilities under federal securities laws, the responsibilities of the Authority under those laws may differ from those of underwriters in material respects, and this letter may not serve the same purpose or provide the same utility to the Authority as it would to underwriters.

We are furnishing this letter to you pursuant to Section 6(viii)(n) of the Purchase Agreement solely for your benefit as the issuer of the Notes and as the Representatives of the Underwriters. Our conclusions are limited to matters of federal securities laws and we assume no responsibility with respect to the applicability or effect of the laws of any other jurisdiction. No conclusion is expressed herein with respect to the validity of the Notes, the tax treatment of the interest thereon or the compliance with, or applicability of, any "blue sky" laws of any state as they relate to the offer or sale of the Notes. We have no attorney-client relationship with any of the Underwriters of the Notes with respect to this matter. Our services did not include financial or other non-legal advice. Our engagement with respect to this matter has terminated as of the date hereof and we have no obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any purpose or by any person to whom it is not specifically addressed without our prior approval, except that reference thereto may be made in any list of closing documents pertaining to the issuance of the Notes. This letter is not intended to be, and may not be, relied upon by the owners of the Notes.

Very truly yours,

REIMBURSEMENT AGREEMENT

dated as of March 1, 2021,

between

CALIFORNIA SCHOOL FINANCE AUTHORITY

and

[ROYAL BANK OF CANADA / CITIBANK, N.A.]

relating to:

**CALIFORNIA SCHOOL FINANCE AUTHORITY
REVENUE NOTES
(ASAP PROGRAM),
SERIES 2021
FEDERALLY TAXABLE**

**\$ _____
SERIES 2021[A/B]-[1/2]**

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APPENDIX I FORM OF IRREVOCABLE TRANSFERABLE LETTER OF CREDIT

REIMBURSEMENT AGREEMENT

This **REIMBURSEMENT AGREEMENT** dated as of March 1, 2021 (as amended, modified or restated from time to time, this “Agreement”), is between the **CALIFORNIA SCHOOL FINANCE AUTHORITY** (the “Authority”) and [**ROYAL BANK OF CANADA acting through its, New York, Branch / CITIBANK, N.A.**], and its successors and assigns (the “Bank”). All capitalized terms used herein and not otherwise defined shall have the meanings assigned in Section 1.01 or as otherwise provided in Section 1.02.

W I T N E S E T H :

WHEREAS, the Authority intends to issue its Notes pursuant to the terms of the Indenture;

WHEREAS, to enhance the marketability of the Notes, the Authority has requested that the Bank issue the Letter of Credit for the account of the Authority and for benefit of the Trustee to secure a source of funds to be devoted exclusively to the payment by the Trustee, when and as due, of the principal of and interest on the Notes; and

WHEREAS, the Bank has agreed to issue the Letter of Credit upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, including the covenants, terms and conditions hereinafter contained, and to induce the Bank to issue the Letter of Credit, the Bank and the Authority agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

Section 1.01. Defined Terms. In addition to the terms defined in the Indenture, the following terms shall have the meanings set forth below:

“*Act*” means the California School Financing 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, as it may from time to time be amended or supplemented.

“*Affiliate*” means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

“*Agreement*” has the meaning set forth in the introductory paragraph hereof.

“*Anti-Corruption Laws*” means all laws, rules, and regulations of any jurisdiction applicable to the Authority from time to time concerning or relating to bribery or corruption,

including, without limitation, the United States Foreign Corrupt Practices Act of 1977 and the rules and regulations thereunder and the U.K. Bribery Act 2010 and the rules and regulations thereunder.

“*Anti-Money Laundering Laws*” means any and all laws, statutes, regulations or obligatory government orders, decrees, ordinances or rules applicable to the Authority related to terrorism financing or money laundering, including any applicable provision of the Patriot Act and The Currency and Foreign Transactions Reporting Act (also known as the “Bank Secrecy Act,” 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959).

“*Applicable Law*” means (a) all applicable common law and principles of equity and (b) all applicable provisions of all (i) Laws, (ii) Governmental Approvals and (iii) orders, decisions, judgments, writs, injunctions and decrees of all courts (whether at law or in equity) and arbitrators.

“*Audited Financial Statements*” means the audited consolidated balance sheet of the Authority for the fiscal year ended June 30, 2020, and the related consolidated statements of income or operations, shareholders’ equity and cash flows for such fiscal year of the Authority, including the notes thereto.

“*Authority*” has the meaning set forth in the introductory paragraph hereof.

“*Bank*” has the meaning set forth in the introductory paragraph hereof.

“*Borrower*” means each individually, and “*Borrowers*” means, collectively, the entities that are entering into Laon Agreements with the Authority, each of which is listed in Exhibit D to the Indenture.

“*Business Day*” has the meaning set forth in the Letter of Credit.

“*Change in Law*” means the occurrence, after the Date of Issuance, of any of the following: (a) the adoption or taking effect of any Law, including, without limitation Risk-Based Capital Guidelines, (b) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, ruling, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“*Charter School Law*” means the Charter Schools Act of 1992, constituting Part 26.8, commencing with Section 47600 of Division 4 of Title 2 of the Education Code of the State, as it may from time to time be amended or supplemented

“*Closing Date*” means March 30, 2021, subject to the satisfaction or waiver by the Bank of the conditions precedent set forth in Section 4.01.

“*Code*” means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

“*Confidential Information*” means any sensitive or confidential information regarding the Authority, the Bank or any Affiliate of the Bank including, without limitation, address and account information, e-mail addresses, telephone numbers, letter of credit numbers, facsimile numbers, names and signatures of officers, employees and signatories.

“*Contract*” means any indenture, agreement (other than this Agreement), other contractual restriction, lease, instrument or guaranty.

“*Controller*” means the Controller of the State or any other official of the State charged with the disbursement of State funds to State public schools.

“*Debt*” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bond, debentures, notes, loan agreements or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business and not past due for more than 60 days after the date on which such trade account was created), (d) all obligations of such Person as lessee under capital leases, (e) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, (f) all Guarantees by such Person of Debt of other Persons, (g) the maximum amount of all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers’ acceptances, bank guaranties, surety Notes and similar instruments and (h) all net obligations of such Person under any Swap Contract.

“*Default*” means any event or condition that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“*Default Rate*” means, for any day, a rate of interest per annum equal to twelve percent (12.00%).

“*Drawing*” means a drawing under the Letter of Credit resulting from a presentation of a certificate by the Trustee to the Bank in the form of Exhibit B to the Letter of Credit to pay the principal of, and interest on, the Notes at maturity.

“*DTC*” means The Depository Trust Company.

“*EMMA*” means Electronic Municipal Market Access as provided by the Municipal Securities Rulemaking Board.

“*Environmental Laws*” means any and all federal, state, local, and foreign statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“*ERISA*” means the Employee Retirement Income Security Act of 1974.

“*Event of Default*” with respect to this Agreement has the meaning set forth in Section 7.01 of this Agreement and, with respect to any Related Document, has the meaning assigned therein.

“*Excess Interest Amount*” has the meaning set forth in Section 2.10.

“*Excluded Taxes*” means, with respect to the Bank or any Participant, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Bank or such Participant is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Authority is located.

“*Fee Agreement*” means that certain Fee Agreement dated the Closing Date between the Bank and the Authority, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“*Fiscal Year*” means the twelve-month period from July 1 through the following June 30.

“*FRB*” means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereof.

“*Generally Accepted Accounting Principles*” or “*GAAP*” means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Authority, including, without limitation, those principles set forth in the statements and pronouncement of the Government Accounting Standards Board.

“*Governmental Approvals*” means an authorization, consent, approval, permit, license, certificate of occupancy or an exemption of, a registration or filing with, or a report to, any Governmental Authority.

“*Governmental Authority*” means the government of the United States of America or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or European Central Bank), or any arbitrator, mediator or other Person with authority to bind a party at law.

“*Guarantee*” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Debt or other obligation of the payment or performance of such Debt or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor

to pay such Debt or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Debt or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Debt or other obligation of any other Person, whether or not such Debt or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“*Indemnified Taxes*” means Taxes other than Excluded Taxes.

“*Indemnatee*” has the meaning set forth in Section 8.03.

“*Indenture*” means that certain Indenture dated as of March 1, 2021, between the Authority and the Trustee.

“*Laws*” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“*Letter of Credit*” means the direct pay letter of credit supporting the Notes issued by the Bank for the account of the Authority in favor of the Trustee pursuant to this Agreement in the form of Appendix I hereto with appropriate insertions.

“*Letter of Credit Fees*” has the meaning set forth in the Fee Agreement.

“*Lien*” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“*Loan Agreements*” means any of those certain loan agreements, each dated as of March 1, 2021, each between the Authority and a Borrower, providing for the loan of a portion of the proceeds from the sale of the Notes to each Borrower named therein.

“*Margin Stock*” has the meaning ascribed to such term in Regulation U promulgated by the FRB, as now and hereafter from time to time in effect.

“*Material Adverse Effect*” means: (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Authority; (b) a material impairment of the ability of the Authority to perform its obligations under any Related Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Authority of any Related Document to which it is a party or the rights, security, interests or remedies of the Bank hereunder or under any other Related Document.

“*Maturity Date*” means the maturity date for the Notes, which occurs on December 30, 2021.

“*Maximum Rate*” means the maximum rate of interest on the relevant obligation permitted by applicable law.

“*Moody’s*” means Moody’s Investors Service, Inc., and any successor rating agency.

“*MOU*” or “*Memorandum of Understanding*” means the Memorandum of Understanding dated as of [March __, 2021], by and among the Authority, the Controller and the California Department of Education.

“*Notes*” means the California School Finance Authority Revenue Notes (ASAP Program), Series 2021[A/B]-[1/2] (Taxable) issued by the Authority pursuant to the Indenture.

“*Obligations*” means the Letter of Credit Fees, the Reimbursement Obligations and all other obligations of the Authority to the Bank arising under or in relation to this Agreement or any other Related Document.

“*OFAC*” means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

“*Official Statement*” means the [Official Statement] dated [March __, 2021], relating to the Notes.

“*Other Taxes*” has the meaning set forth in Section 3.01(a).

“*Outstanding*” has the meaning set forth in the Indenture.

“*Participant*” has the meaning set forth in Section 8.09(b).

“*PATRIOT Act*” means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

“*Payment Office*” means the Bank’s account at [INSERT PAYMENT INSTRUCTIONS], or such other office as the Bank may designate from time to time.

“*Pension Plan*” means any employee pension benefit plan (including a Multiple Employer Plan or a Multiemployer Plan) that is maintained or is contributed to by the Authority and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

“*Person*” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“*Plan*” means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan), maintained for employees of the Authority or any ERISA Affiliate or any such Plan to which the Authority or any ERISA Affiliate is required to contribute on behalf of any of its employees.

“*Pledged Property*” means all Property pledged to or subject to a security interest in favor of the Trustee as described in Section 5.01 of the Indenture.

“*Property*” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“*Reimbursement Agreements*” has the meaning set forth in the Indenture.

“*Reimbursement Obligations*” means, collectively, any and all obligations of the Authority to reimburse the Bank for the Drawing under the Letter of Credit, including all interest accrued thereon.

“*Related Documents*” means this Agreement, the Indenture, the Notes, the Letter of Credit, the Fee Agreement, the Loan Agreements, the MOU, the Reimbursement Agreements other than the Agreement and any other documents related to any of the foregoing or executed in connection therewith, and any and all future renewals and extensions or restatements of, or amendments or supplements to, any of the foregoing permitted hereunder and thereunder.

“*Related Parties*” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“*Risk-Based Capital Guidelines*” means (a) the risk-based capital guidelines in effect in the United States of America, including transition rules, and (b) the corresponding capital regulations promulgated by regulatory authorities outside the United States of America including transition rules, and any amendment to such regulations.

“*Sanctioned Country*” means at any time, a country or territory which is itself the subject or target of any Sanctions (including, as of the Closing Date, Cuba, Iran, North Korea, Sudan, Syria and Crimea).

“*Sanctioned Person*” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC (including, without limitation, OFAC’s Specially Designated Nationals and Blocked Persons List and OFAC’s Consolidated Non-SDN List), the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty’s Treasury, or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in clauses (a) and (b), including a Person that is deemed by OFAC to be a Sanctions target based on the ownership of such legal entity by Sanctioned Person(s).

“*Sanctions*” means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and anti-terrorism laws, including but not limited to those imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC or the U.S. Department of State), the United Nations Security Council, the European Union, Her Majesty’s Treasury, or other relevant sanctions authority with jurisdiction over the Bank or the Authority.

“*Secured Obligations*” The Notes and the Reimbursement Agreements, as each is defined in the Indenture.

“*State*” means the State of California.

“*Stated Expiration Date*” has the meaning set forth in the Letter of Credit.

“*Swap Contract*” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“*Taxes*” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

“*Termination Date*” has the meaning set forth in the Letter of Credit.

“*Trustee*” means U.S. Bank National Association, in its capacity as trustee, paying agent and/or tender agent, as applicable, under the Indenture, and any permitted successors as trustee, paying agent and/or tender agent, as applicable, under the Indenture.

Section 1.02. Other Interpretive Provisions. With reference to this Agreement and each other Related Document, unless otherwise specified herein or in such other Related Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any definition of or reference to any agreement,

instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Related Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "hereto," "herein," "hereof" and "hereunder," and words of similar import when used in any Related Document, shall be construed to refer to such Related Document in its entirety and not to any particular provision thereof, (iv) all references in a Related Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Related Document in which such references appear, (v) any reference to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such Law and any reference to any Law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein and in the other Related Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Related Document.

Section 1.03. Accounting Terms.

(a) All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein.

(b) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Related Document, and either the Authority or the Bank shall so request, the Bank and the Authority shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP; provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Authority shall provide to the Bank financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

Section 1.04. Rounding. Any financial ratios required to be maintained by the Authority pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.05. Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

ARTICLE II

LETTER OF CREDIT

Section 2.01. Issuance of the Letter of Credit. Upon the terms, subject to the conditions and relying upon the representations and warranties set forth in this Agreement or incorporated herein by reference, the Bank agrees to issue the Letter of Credit (substantially in the form of Appendix I hereto). The Letter of Credit shall be in the original stated amount of \$[**ORIGINAL STATED AMOUNT**], which is equal to the sum of (i) the principal amount of the Notes outstanding on the Closing Date, plus (ii) interest thereon at [___%]¹ for the period from the Closing Date to the Maturity Date.

Section 2.02. Letter of Credit Drawings. The Trustee is authorized to make a Drawing under the Letter of Credit in accordance with the terms thereof. The Authority hereby directs the Bank to make payments under the Letter of Credit in the manner therein provided.

Section 2.03. Reimbursement of Drawings; Interest. The Authority agrees to reimburse, or cause the Trustee to reimburse, the Bank for the full amount of the Drawing, in immediately available funds, upon payment by the Bank of such Drawing and, in any event, on the date of such Drawing, as provided in Section 2.05. If the Bank is not reimbursed in full for the Drawing on the date which the Drawing is paid, in the manner provided in Section 2.05, such Reimbursement Obligation shall bear interest at the Default Rate and shall be payable on demand.

Section 2.04. Fees. The Authority agrees to pay to the Bank the fees set forth in the Fee Agreement at the times and in the amounts set forth therein. The terms of the Fee Agreement are incorporated herein by reference as if fully set forth herein. Any reference herein or in any other document to fees and/or other amounts or obligations payable hereunder shall include, without limitation, all fees and other amounts or obligations payable pursuant to the Fee Agreement.

Section 2.05. Method of Payment, Etc. All payments to be made by the Authority under this Agreement shall be made at the Payment Office of the Bank not later than 2:00 p.m. on the date when due and shall be made in lawful money of the United States of America and in immediately available funds.

Section 2.06. Termination of Letter of Credit. Notwithstanding any provisions of this Agreement to the contrary, the Authority agrees not to terminate this Agreement or the Letter of Credit prior to the Stated Expiration Date except upon (i) the payment to the Bank of all

¹ Drafting Note: Insert Fixed Rate of Note.

Obligations payable hereunder and (ii) the Authority providing the Bank with thirty (30) days prior written notice of its intent to terminate this Agreement and the Letter of Credit.

Section 2.07. Computation of Fees and Interest; Default Rate.

(a) All computations of interest and fees payable under this Agreement and the Fee Agreement shall be made on the basis of a three hundred sixty (360) day year and actual days elapsed. Interest and fees shall accrue during each period during which interest or fees, as applicable, is computed from the first day thereof to the last day thereof. Each determination by the Bank of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error. All fees payable pursuant to this Agreement and the Fee Agreement shall be deemed fully earned when due and non-returnable when paid.

(b) If any amount payable by the Authority hereunder or under the Fee Agreement is not paid when due (without regard to any applicable grace periods), such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate.

Section 2.08. Payment Due on Non-Business Day to Be Made on Next Business Day.

If any sum becomes payable pursuant to this Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

Section 2.09. Source of Funds. All payments made by the Bank pursuant to the Letter of Credit shall be made from funds of the Bank and not from any other Person.

Section 2.10. Maximum Rate. If the rate of interest payable hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (i) interest at the Maximum Rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof without regard to the Maximum Rate and (B) the Maximum Rate (the "Excess Interest"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time the Authority shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank, to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank. Upon the termination of the Letter of Credit and this Agreement, in consideration for the limitation of the rate of interest otherwise payable hereunder, the Authority shall pay, to the extent permitted by applicable law, to the Bank a fee equal to the amount of all unpaid deferred Excess Interest.

ARTICLE III

TAXES AND YIELD PROTECTION

Section 3.01. Taxes.

(a) Any and all payments to the Bank by the Authority hereunder or under the Fee Agreement shall be made free and clear of and without withholding or deduction for any and all Indemnified Taxes. If the Authority shall be required by Law to withhold or deduct any Indemnified Taxes imposed by the United States or any political subdivision thereof from or in respect of any sum payable hereunder or under the Fee Agreement to the Bank, then (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 3.01), the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Authority shall make such deductions and (iii) the Authority shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Authority shall make any payment under this Section 3.01 to or for the benefit of the Bank with respect to Indemnified Taxes and if the Bank shall claim any credit or deduction for such Indemnified Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States then the Bank shall pay to the Authority an amount equal to the amount by which such other taxes are actually reduced; provided, that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by the Authority with respect to such Indemnified Taxes. In addition, the Authority agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or any state of the United States from any payment made hereunder or otherwise with respect to this Agreement or the Letter of Credit (hereinafter referred to as "Other Taxes"). The Bank shall provide to the Authority within a reasonable time a copy of any written notification it receives with respect to Indemnified Taxes or Other Taxes owing by the Authority to the Bank hereunder; provided, that the Bank's failure to send such notice shall not relieve the Authority of its obligation to pay such amounts hereunder.

(b) The Authority shall, to the fullest extent permitted by Law and subject to the provisions hereof, pay the Bank for the full amount of Indemnified Taxes and Other Taxes including any Indemnified Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 3.01 paid by the Bank or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally asserted; provided, that the Authority shall not be obligated to pay the Bank for any penalties, interest or expenses relating to Indemnified Taxes or Other Taxes arising from the Bank's gross negligence or willful misconduct. The Bank agrees to give notice to the Authority of the assertion of any claim against the Bank relating to such Indemnified Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; provided, that the Bank's failure to notify the Authority promptly of such assertion shall not relieve the Authority of its obligation under this Section 3.01. Payments by the Authority pursuant to this subsection (b) shall be made within thirty (30) days from the date the Bank makes written

demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank agrees to repay to the Authority any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by the Authority pursuant to this Section 3.01 received by the Bank for Indemnified Taxes or Other Taxes that were paid by the Authority pursuant to this Section 3.01 and to contest, with the cooperation and at the expense of the Authority, any such Indemnified Taxes or Other Taxes which the Bank or the Authority reasonably believes not to have been properly assessed.

(c) Within thirty (30) days after the date of any payment of Indemnified Taxes by the Authority, the Authority shall furnish to the Bank the original or a certified copy of a receipt evidencing payment thereof.

(d) Without prejudice to the survival of any other agreement of the Authority hereunder, the agreements and obligations of the Authority contained in this Section shall survive the termination of this Agreement and the Letter of Credit and the payment in full of the Notes and the obligations of the Authority thereunder and hereunder.

Section 3.02. Increased Costs.

(a) ***Increased Costs Generally.*** If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Bank or any Participant;

(ii) subject to the Bank or any Participant to any Taxes of any kind whatsoever with respect to this Agreement or the Letter of Credit, or change the basis of taxation of payments to the Bank or such Participant in respect thereof (except for Indemnified Taxes covered by Section 3.01 and the imposition of, or any change in the rate of any Excluded Tax payable by the Bank or any Participant); or

(iii) impose on the Bank or any Participant any other condition, cost or expense affecting this Agreement or the Letter of Credit;

and the result of any of the foregoing shall be to increase the cost to the Bank or such Participant related to issuing or maintaining the Letter of Credit, or to reduce the amount of any sum received or receivable by the Bank or such Participant hereunder (whether of principal, interest or any other amount) then, upon written request of the Bank or such Participant, the Authority shall promptly pay to the Bank or such Participant, as the case may be, such additional amount or amounts as will compensate the Bank or such Participant, as the case may be, for such additional costs incurred or reduction suffered.

(b) ***Capital Requirements.*** If the Bank or any Participant determines that any Change in Law affecting the Bank or such Participant or the Bank's or such Participant's parent or holding company, if any, regarding capital requirements, has or would have the

effect of reducing the rate of return on the Bank's or such Participant's capital or the capital of such Bank's or such Participant's parent or holding company holding, if any, as a consequence of this Agreement, or for maintaining the Letter of Credit, to a level below that which the Bank or such Participant or the Bank's or such Participant's parent or holding company could have achieved but for such Change in Law (taking into consideration the Bank's or such Participant's policies and the policies of the Bank's or such Participant's parent or holding company with respect to capital adequacy), then from time to time upon written request of the Bank or such Participant the Authority shall promptly pay to the Bank or such Participant, as the case may be, such additional amount or amounts as will compensate the Bank or such Participant or the Bank's or such Participant's parent or holding company for any such reduction suffered.

(c) ***Certificates for Reimbursement.*** A certificate of the Bank or a Participant setting forth the amount or amounts necessary to compensate the Bank or any such Participant or the Bank's or any such Participant's parent or holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Authority, shall be conclusive absent manifest error. The Authority shall pay the Bank or any such Participant, as the case may be, the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

(d) ***Delay in Requests.*** Failure or delay on the part of the Bank or any such Participant to demand compensation pursuant to this Section shall not constitute a waiver of the Bank's or any such Participant's right to demand such compensation.

Section 3.03. Survival. All of the Authority's obligations under this Article III shall survive termination of this Agreement, the cancellation of the Letter of Credit and the repayment, satisfaction or discharge of all other Obligations.

ARTICLE IV

CONDITIONS PRECEDENT

Section 4.01. Conditions Precedent to Issuance of the Letter of Credit. As conditions precedent to the obligation of the Bank to issue the Letter of Credit:

(a) The Authority shall provide to the Bank on the date of the issuance of the Letter of Credit (the "Closing Date"), in form and substance satisfactory to the Bank and its counsel:

(i) a written opinion of counsel to the Authority, dated the Closing Date, with respect to matters as the Bank may reasonably request;

(ii) the written opinions of Orrick Herrington & Sutcliffe LLP, bond counsel to the Authority, dated the Closing Date, covering such matters as the Bank may reasonably request;

(iii) a certificate, signed by a duly authorized officer of the Authority, dated the Closing Date, stating that on the Closing Date:

(1) the representations and warranties of the Authority contained in Article V are correct on and as of the Closing Date as though made on such date;

(2) no Default or Event of Default has occurred and is continuing, or would result from the issuance of the Letter of Credit or the execution, delivery and performance of this Agreement; and

(3) all conditions precedent to the issuance of the Letter of Credit set forth in this Article IV have been satisfied.

(iv) executed originals of this Agreement and the other Related Documents, a copy of each Intercept Notice executed by each Borrower pursuant each Loan Agreement, a copy of the P-1 Pronouncement (as defined in the MOU) and a copy of the Official Statement;

(v) evidence of due authorization, execution and delivery by the parties thereto of the Related Documents, which Related Documents shall be in form and substance satisfactory to the Bank and its special counsel;

(vi) a copy of resolutions of the board of directors of the Authority, certified as of the Closing Date by an Authorized Officer of the Authority authorizing, among other things, the execution, delivery and performance by the Authority of this Agreement and the other Related Documents or amendments thereto required to be delivered on the Closing Date and authorizing the Authority to obtain the issuance of the Letter of Credit;

(vii) true and correct copies of all Governmental Approvals necessary for the Authority to enter into this Agreement and the transactions contemplated by this Agreement;

(viii) an incumbency certificate of an Authorized Officer of the Authority certifying the name, title, office and true signatures of the officers of the Authority authorized to sign this Agreement;

(ix) evidence satisfactory to the Bank that the outstanding Notes have been assigned short-term ratings of “[]” by Moody’s; and

(x) the Bank shall have determined (in its sole discretion) that no material adverse change in the ratings, financial condition, business, assets, liabilities or prospects of the Authority shall have occurred since June 30, 2020, except as disclosed in writing by the Authority to the Bank prior to the Closing Date or as disclosed in the Official Statement, which would be reasonably likely to result in a Material Adverse Effect;

(xi) the Bank shall have received copies of the audited financial statements for the Authority for the fiscal year ended June 30, 2020; and

(xii) such other documents, certificates and opinions as the Bank or its special counsel may reasonably request.

(b) With respect to each Borrower and its related Loan Agreement, the Bank shall be provided the following, all in form and substance satisfactory to the Bank and its special counsel:

(i) the organizational documents of the Borrower, certified to be in full force and effect as of a date not more than thirty (30) days preceding the Closing Date by an appropriate official of the State and certified by a duly authorized representative of the Borrower to be in full force and effect on the Closing Date;

(ii) certificates issued by an appropriate official of the State, issued no more than thirty (30) days preceding the Closing Date, stating that the Borrower is in good standing in such jurisdiction;

(iii) copies of Uniform Commercial Code, judgment and litigation, tax liens and bankruptcy search reports dated a date reasonably near to the Closing Date, listing all effective financing statements which name the Borrower (under its present names and any previous names) as debtor, together with (A) copies of such financing statements and (B) such Uniform Commercial Code termination statements as the Bank may reasonably request;

(iv) evidence of due authorization, execution and delivery by the Borrower of the of its related Loan Agreement and the related Intercept Notice, including authorizing resolutions of the Borrower's governing body and incumbency certificates of its officers executing documents in connection with this matter;

(v) evidence that the Borrower maintains a charter to operate its charter school, that each of the Borrower's charter schools is operating and is entitled to receive State apportionment payments described in the Intercept Notice executed by the Borrower pursuant to the Loan Agreement under the Laws of the State, including, without limitation those deferred apportionment payments due to the Borrower for the months of February and March of 2021;

(vi) a written opinion of counsel to the Borrower as to the due organization of the Borrower, the authorization, execution, delivery and enforceability of the Borrower's Loan Agreement and other related transaction documents and such other matters as the Bank may reasonably request; and

(vii) **[INCLUDE ADDITIONAL CONDITIONS FOR BORROWERS WITH CHARTERS EXPIRING ON OR BEFORE 6/30/21 AND WITH OUTSTANDING INTERCEPT NOTICES ON APPORTIONMENT PAYMENTS]**; and

(viii) such other documents, certificates and opinions regarding the Borrower, the Loan Agreement, the Borrower's Intercept Notice or such other

matters regarding the Borrower as the Bank or its special counsel may reasonably request.

(b) The Bank shall have received from the Authority the fees payable pursuant to the Fee Agreement.

(c) No law, regulation, ruling or other action of the United States, the State or the State of New York or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Bank from fulfilling their respective obligations under this Agreement.

(d) All legal requirements provided herein incident to the execution, delivery and performance of the Related Documents, and the transactions contemplated thereby, shall be reasonably satisfactory to the Bank and its special counsel.

Section 4.02. Conditions to Disbursement of Note Proceeds. [SECTION REMAINS UNDER DISCUSSION] Each disbursement of Note proceeds from the Working Capital Fund under the Indenture is subject to the following conditions precedent:

(a) The representations and warranties of the Issuer contained in Article V and the other Related Documents shall be true and correct on and as of the date of such disbursement.

(b) No Default or Event of Default shall exist, or would result from such proposed disbursement or from the application of the proceeds thereof.

(c) The Bank shall have received a properly completed Requisition from the Working Capital Fund, in the form required by the Indenture and related Loan Agreement properly completed and duly executed by the Borrower and the Authority together with the calculations described in Section 5.07 of the Indenture and all conditions set forth in Section 5.07 of the Indenture with respect to such requisition have been satisfied.

(d) Except as provided in Section 4.02(e), the of the Note proceeds requested to be disbursed shall be in an amount no greater than the Scheduled Disbursement Amount for such Borrower and such date set forth in Exhibit D to the Indenture and the amount described in Section 5.07(c)(v) of the Indenture.

(e) In connection with each disbursement of Note proceeds from the Working Capital Fund specified for June, the Bank shall be provided a copy of the P-2 Pronouncement, as defined MOU, and the amount of the Note proceeds to then be disbursed shall not exceed the amount described in Section 5.07(c)(v) of the Indenture.

(e) Such disbursement shall not violate any order, judgment or decree of any court or authority of competent jurisdiction or any provision of law as then in effect.

(f) The Bank shall have received a written certification from the Authority that the Borrower is entitled to receive the Deferral Amount described in the Borrower's Intercept Notice that is the subject of the Requisition. In addition the Bank shall have received, in form and substance satisfactory to it, such other assurances, certificates, documents or consents related to the foregoing as the Bank reasonably may require, including, without limitation, evidence satisfactory to the Bank that the Borrower is entitled to receive the Deferral Amount set forth in the P-1 Pronouncement or the P-2 Pronouncement, as applicable, and the amounts identified in the related Intercept Notice that is the basis for such Requisition.

(g) The Bank shall provide written notice to the Trustee and the Issuer approving such disbursement of Note proceeds.

Section 4.03. Conditions to Release Date. [SECTION REMAINS UNDER DISCUSSION] The release of amounts on deposit in the Credit Enhancement Fee Fund on the Release Date pursuant to Section 5.06 of the Indenture is subject to the following conditions precedent:

(a) The Bank shall be provided the calculations described in Section 5.06 and 5.07 of the Indenture and amounts shall be transferred from the Working Capital Fund Credit Enhancement Fee Fund to the Revenue Fund pursuant to Section 5.06 and 5.07 of the Indenture.

(b) No Default or Event of Default shall exist, or would result from such proposed release of amounts held in the Credit Enhancement Fee Fund.

(c) The Bank shall have received, in form and substance satisfactory to it, such other assurances, certificates, documents or consents related to the foregoing as the Bank reasonably may require.

(d) The Bank shall provide written notice to the Trustee and the Issuer approving such disbursement of amounts in the Credit Enhancement Fee Fund.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Authority represents and warrants as of the Closing Date (and such representations and warranties shall also be deemed to be remade at the time of the Drawing under the Letter of Credit) to the Bank as follows:

Section 5.01. Existence and Power. The Authority is a public instrumentality of the State created by the Act is validly existing and in good standing under the Laws of the State and is authorized to issue the Notes and loan the proceeds thereof for purposes of financing the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of educational facilities (as defined in the Act) and/or for purposes of paying working

capital for participating party (as defined in the Act) pursuant to the Act in conjunction with schools established pursuant to the Charter School Law.

Section 5.02. Due Authorization. (a) The Authority has the corporate power, and has taken all necessary corporate action to authorize the Related Documents to which it is a party, and to execute, deliver and perform its obligations under this Agreement and each of the other Related Documents to which it is a party in accordance with their respective terms. The Authority has approved the form of the Related Documents to which it is not a party.

(b) The Authority is duly authorized and licensed to own its Property and to operate its business under the laws, rulings, regulations and ordinances of all Governmental Authorities having the jurisdiction to license or regulate such Property or business activity and the departments, agencies and political subdivisions thereof, and the Authority has obtained all requisite approvals of all such governing bodies required to be obtained for such purposes. All Governmental Approvals necessary for the Authority to enter into this Agreement and the other Related Documents and to perform the transactions contemplated hereby and thereby and to conduct its business activities and own its property have been obtained and remain in full force and effect and are subject to no further administrative or judicial review. No other Governmental Approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Authority of this Agreement or the due execution, delivery or performance by the Authority of the Related Documents.

Section 5.03. Valid and Binding Obligations. This Agreement has been duly executed and delivered by one or more duly authorized officers of the Authority, and each of the Related Documents to which the Authority is a party, when executed and delivered by the Authority will be, a legal, valid and binding obligation of the Authority enforceable in accordance with its terms, except as such enforceability may be limited by (a) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 5.04. Noncontravention; Compliance with Law.

(a) The execution, delivery and performance of this Agreement and each of the other Related Documents in accordance with their respective terms do not and will not (i) contravene the Act or other authorizing legislation of the Authority, (ii) require any consent or approval of any creditor of the Authority, (iii) violate any Laws (including, without limitation, Regulations T, U or X of the FRB, or any successor regulations), (iv) conflict with, result in a breach of or constitute a default under any contract to which the Authority is a party or by which it or any of its Property may be bound or (v) result in or require the creation or imposition of any Lien upon or with respect to any Property now owned or hereafter acquired by the Authority or any Affiliate thereof except such Liens, if any, expressly created by a Related Document.

(b) The Authority is in compliance with all Laws, except for such noncompliance that, singly or in the aggregate, has not caused or is not reasonably expected to cause a Material Adverse Effect.

Section 5.05. Pending Litigation and Other Proceedings. There is no action, suit or proceeding pending in any court, any other Governmental Authority with jurisdiction over the Authority or any arbitration in which service of process has been completed against the Authority or, to the knowledge of the Authority, any other action, suit or proceeding pending or threatened in any court, any other Governmental Authority with jurisdiction over the Authority or any arbitrator, in either case against the Authority or any of its properties or revenues, or any of the Related Documents to which it is a party which is reasonably likely to result in a Material Adverse Effect, except any action, suit or proceeding which has been brought prior to the Closing Date as to which the Bank has received an opinion of counsel satisfactory to the Bank, in form and substance satisfactory to the Bank and the Bank's legal counsel, to the effect that such action, suit or proceeding is without substantial merit.

Section 5.06. [RESERVED]

Section 5.07. Employee Benefit Plan Compliance. The Authority is not subject to ERISA and maintains no Plans. The Authority no material unfunded liabilities under any employee benefit plans.

Section 5.08. Other Debt; No Defaults. [SECTION TO BE REVISED TO ADDRESS BORROWER'S OTHER DEBT OBLIGATIONS COVERED BY INTERCEPT NOTICES ONCE AGREEMENT ON TREATMENT REACHED BY PARTIES] No Debt is secured by or payable from the Pledged Property except for the Secured Obligations. No bankruptcy, insolvency or other similar proceedings pertaining to the Authority are pending or presently contemplated. No Default or Event of Default has occurred and is continuing hereunder. No "default" or "event of default" under, and as defined in, any of the other Related Documents has occurred and is continuing. The Authority is not presently in default under any Contract to which it is a party or by which it or its Property is bound which could reasonably be expected to have a Material Adverse Effect. The Authority is not in violation of any material term of the organizational documents or authorizing legislation applicable to the Authority.

Section 5.09. Incorporation by Reference. The representations and warranties of the Authority contained in the other Related Documents to which the Authority is a party, together with the related definitions of terms contained therein, are hereby incorporated by reference in this Agreement as if each and every such representation and warranty and definition were set forth herein in its entirety, and the representations and warranties made by the Authority in such Sections are hereby made for the benefit of the Bank. No amendment to or waiver of such representations and warranties or definitions made pursuant to the relevant Related Document or incorporated by reference shall be effective to amend such representations and warranties and definitions as incorporated by reference herein without the prior written consent of the Bank.

Section 5.10. Correct Information. All information, reports and other papers and data with respect to the Authority furnished by the Authority to the Bank were, at the time the same were so furnished, correct in all material respects. Any financial, budget and other projections

furnished by the Authority to the Bank were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent (subject to the updating or supplementation of any such financial, budget or other projections by any additional information provided to the Bank in writing, the representations contained in this Agreement being limited to financial, budget or other projections as so updated or supplemented), in the judgment of the Authority, a reasonable, good faith estimate of the information purported to be set forth, it being understood that uncertainty is inherent in any projections and that no assurance can be given that the results set forth in the projections will actually be obtained. No fact is known to the Authority that materially and adversely affects or in the future may (as far as it can reasonably foresee) materially and adversely affect the security for any of the Notes, or the ability of the Authority to repay when due the Obligations, that has not been set forth in the financial statements and other documents referred to in this Section 5.10 or in such information, reports, papers and data or otherwise disclosed in writing to the Bank. The documents furnished and statements made by the Authority in connection with the negotiation, preparation or execution of this Agreement and the Related Documents do not contain untrue statements of material facts or omit to state material facts necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

Section 5.11. Margin Stock. The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds from the issuance of the Notes will be used to purchase or carry any such Margin Stock or extend credit to others for the purpose of purchasing or carrying any such Margin Stock.

Section 5.12. Usury. None of the Related Documents or the Notes provide for any payments that would violate any applicable law regarding permissible maximum rates of interest.

Section 5.13. Security. The Indenture creates, in favor of the Trustee as security for the Secured Obligations, the legal, valid, binding and irrevocable Lien on and pledge of the Pledged Property. Under each Loan Agreement each Borrower has granted a first priority perfected security interest in Pledged Revenues, as defined in each Loan Agreement, in favor of the Trustee for the benefit of the holders of the Notes and the Bank. There is no Lien on the Pledged Property other than the Lien created by the Indenture and the security interests granted by the Borrowers under the Loan Agreements in favor of the Trustee. The Indenture does not permit the issuance or incurrence of any Debt other than the Notes and other Secured Obligations. Each Secured Obligation is secured by and payable from the Pledged Property on parity with the other Secured Obligations. No filing, registration, recording or publication of the Indenture or any other instrument is required to establish or to perfect, protect or maintain the Lien on the Pledged Property or the Pledged Revenues to secure the Secured Obligations which has not been undertaken, completed and remains in full force and effect.

Section 5.14. Pending Legislation and Decisions. There is no amendment, or to the knowledge of the Authority, proposed amendment to the Constitution of the State or any State law or any administrative interpretation of the Constitution of the State or any State law, or any legislation that has passed either house of the legislature of the State, or any judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to result in a Material Adverse Effect.

Section 5.15. Trustee. U.S. Bank National Association is the duly appointed and acting Trustee.

Section 5.16. Solvency. The Authority is solvent and able to pay its debts as they become due.

Section 5.17. No Immunity. Under existing law, the Authority is not entitled to raise the defense of sovereign immunity in connection with any legal proceeding to enforce or collect upon this Agreement, the other Related Documents or the transactions contemplated hereby or thereby, including the payment of the principal of and interest on the Notes or the payment of the other Obligations.

Section 5.18. Anti-Corruption Laws; Anti-Money Laundering Laws and Sanctions.

(a) None of (i) the Authority nor any of its respective directors, officers, or, to the knowledge of the Authority, any of its respective employees, or (ii) any agent or representative of the Authority that will act in any capacity in connection with or benefit from this transaction, (A) is a Sanctioned Person or currently the subject or target of any Sanctions, (B) is controlled by or is acting on behalf of a Sanctioned Person, (C) has its assets located in a Sanctioned Country, (D) is under administrative, civil or criminal investigation for an alleged violation of, or received notice from or made a voluntary disclosure to any governmental entity regarding a possible violation of, Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions by a Governmental Authority that enforces Sanctions or any Anti-Corruption Laws or Anti-Money Laundering Laws, or (E) directly or indirectly derives revenues from investments in, or transactions with, Sanctioned Persons.

(b) The Authority has implemented and maintains in effect policies and procedures designed to ensure compliance by the Authority and its respective directors, officers, employees, and agents with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions.

(c) The Authority, each director, officer, and to the knowledge of Authority, employee, and agent and is in compliance with all Anti-Corruption Laws, Anti-Money Laundering Laws in all material respects and applicable Sanctions.

(d) No proceeds of any Notes or the Letter of Credit have been used, directly or indirectly, by the Authority or any of its respective directors, officers, employees and agents in violation of Section 6.10.

ARTICLE VI

COVENANTS

The Authority covenants and agrees with the Bank that it will do the following so long as any amounts may be drawn under the Letter of Credit, and thereafter, so long as any Obligations remain unpaid or unfulfilled under this Agreement, unless the Bank shall otherwise consent in writing:

Section 6.01. Existence. The Authority shall maintain its existence pursuant to the Act and any other applicable authorizing legislation and the Laws of the State.

Section 6.02. Compliance with Laws; Taxes and Assessments. The Authority shall comply with all Laws applicable to it, except where non-compliance could not reasonably be expected to result in a Material Adverse Effect.

Section 6.03. Reports. The Authority shall furnish to the Bank in form and detail satisfactory to the Bank:

(a) **Monthly Reports.** As soon as available, and in any event no later than the ___ day of each month [describe reports verifying amounts of Note proceeds disbursed versus schedule of note proceeds to be disbursed Scheduled amount of intercept funds received and to be received versus amounts deposited in the Revenue Fund and intercept funds scheduled to be received].

(b) **Amendments.** The Issuer shall provide copies of all amendments to any of the Related Documents and to any Intercept Notice at least five Business Days prior the amendment becoming effective.

(c) **Notices of Resignation of the Trustee.** As promptly as practicable, written notice to the Bank of any resignation of the Trustee immediately upon receiving notice of the same.

(d) **Notice of Default or Event of Default.** (i) Promptly upon obtaining knowledge of any Default or Event of Default, or notice thereof, and in any event within five (5) days thereafter, a certificate signed by an Authority Representative specifying in reasonable detail the nature and period of existence thereof and what action the Authority has taken or proposes to take with respect thereto; (ii) promptly upon obtaining knowledge that a Borrower's charter school is closed or ceases operations as a charter school or has indicated that it will close or cease to operate or otherwise has ceased to qualify for payment of the Deferral Amounts subject to the Borrower's Intercept Notice, and in any event within five (5) Business Days thereafter, a certificate signed by an Authority Representative specifying the and (iii) promptly following a written request of the Bank, a certificate of an Authority Representative as to the existence or absence, as the case may be, of a Default or an Event of Default under this Agreement.

(e) **Litigation.** As promptly as practicable, written notice to the Bank of all actions, suits or proceedings pending or threatened against the Authority before any arbitrator of any kind or before any court or any other Governmental Authority which could reasonably be expected to result in a Material Adverse Effect.

(f) **Other Information.** Such other information regarding the business affairs, financial condition and/or operations of the Authority as the Bank may from time to time reasonably request.

Section 6.04. Maintenance of Books and Records. The Authority will keep proper books of record and account in which full, true and correct entries in accordance with GAAP with regard to all of the transactions contemplated by this Agreement and the Related Documents.

Section 6.05. Access to Books and Records. The Authority will permit any Person designated by the Bank (at the expense of the Bank, unless and until a Default or Event of Default has occurred, at which time such expenses shall be borne by the Authority) to visit any of the offices of the Authority to examine the books and financial records (except books and financial records the examination of which by the Bank is prohibited by law or by attorney or client privilege), relating to the transactions contemplated by this Agreement and the Related Documents.

Section 6.06. Compliance With Documents. The Authority agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in the Indenture and each of the other Related Documents to which it is a party, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Bank and shall be enforceable against the Authority. To the extent that any such incorporated provision permits the Authority or any other party to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to the Authority or any other party, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Bank in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank which shall only be evidenced by the written approval by the Bank of the same. Except as permitted by Section 6.10, no termination or amendment to such covenants and agreements or defined terms or release of the Authority with respect thereto made pursuant to the Indenture or any of the other Related Documents to which the Authority is a party, shall be effective to terminate or amend such covenants and agreements and defined terms or release the Authority with respect thereto in each case as incorporated by reference herein without the prior written consent of the Bank. Notwithstanding any termination or expiration of the Indenture or any such other Related Document to which the Authority is a party, the Authority shall continue to observe the covenants therein contained for the benefit of the Bank until the termination of this Agreement and the payment in full of the Notes and all other Obligations. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

Section 6.07. No Impairment. The Authority will neither take any action, nor cause the Trustee to take any action, under the Indenture or any other Related Document which would materially adversely affect the rights, interests, remedies or security of the Bank under this Agreement or any other Related Document or which could reasonably be expected to result in a Material Adverse Effect.

Section 6.08. Trustee. The Authority will not, without the prior written consent of the Bank (which consent shall not be unreasonably withheld) remove, or seek to remove, the Trustee.

The Authority shall at all times maintain a Trustee pursuant to the terms of the Indenture that is acceptable to the Bank.

Section 6.09. Limitation on Additional Debt. The Authority will not issue and/or incur any Debt payable from or secured by the Pledged Property except for the Secured Obligations.

Section 6.10. Amendments. The Authority shall not modify, amend or consent to any modification, amendment or waiver of any Related Document or any of the Intercept Notices without the prior written consent of the Bank. The Issuer shall cause the Intercept Notices and Intercept Schedules to be amended, whether or not a Change in State Law (as defined in the MOU) has occurred, as necessary in order to cause State Aid Subject to Intercept (as defined in the MOU) to be intercepted and paid to the Trustee with respect to each Borrower in amounts necessary to satisfy such Borrower's obligations payable under the Loan Agreements to which such Borrower is a party.

Section 6.11. Liens. The Authority shall not, directly or indirectly, incur, create or permit to exist any Lien on all or any part of the security provided by the Indenture other than the Lien that secures the Secured Obligations.

Section 6.12. Disclosure to Participants. The Authority shall permit the Bank to disclose the financial information received by it pursuant to this Agreement to each Participant of the Bank, Bank pursuant to Section 8.09 of this Agreement, subject to confidentiality restrictions and use restrictions customary for financial institutions.

Section 6.13. Immunity from Jurisdiction. To the fullest extent permitted by law, the Authority will not assert any immunity it may have as a public entity under the laws of the State from lawsuits with respect to the Notes, the other Obligations, this Agreement or any other Related Document.

Section 6.14. Use of Bank's Name. The Authority shall not include any information concerning the Bank in any offering document for the Notes that is not supplied in writing, or otherwise approved, by the Bank expressly for inclusion therein.

Section 6.15. Use of Proceeds. The Authority shall not use any portion of the proceeds of the Drawing for the purpose of carrying or purchasing any Margin Stock and shall not incur any Debt which is to be reduced, retired or purchased by the Authority out of such proceeds. The Authority will not use, and the Authority will ensure that its subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of the Notes or any amounts advanced under the Letter of the Credit in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws. The Authority will not, directly or indirectly, use any such amounts, or lend, contribute or otherwise make available any such amounts to any subsidiary, joint venture partner or other Person, (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the proceeds of the Notes, whether as underwriter, advisor, investor, or otherwise). The Authority shall, and shall cause each subsidiary to, provide such

information and take such actions as are reasonably requested by the Bank in order to assist the Bank in maintaining compliance with anti-money laundering laws and regulations.

Section 6.16. Disbursement of Note Proceeds and Release of Credit Enhancement Fee Fund. The Issuer shall permit the disbursement Note proceeds or the release of amounts in the Credit Enhancement Fee Fund except upon satisfaction of the conditions set forth in Section 4.02 and Section 4.03, as applicable.

ARTICLE VII

EVENTS OF DEFAULT

Section 7.01. Events of Default. The occurrence of any of the following events (whatever the reason for such event and whether voluntary, involuntary, or effected by operation of Law) shall be an “Event of Default” hereunder, unless waived in writing by the Bank:

(a) the Authority shall fail to pay the principal of or interest on any Reimbursement Obligation or Bank Bond when due (whether by scheduled maturity, required prepayment, redemption or otherwise);

(b) the Authority shall fail to pay any Obligation (other than the obligation to pay the principal of or interest on any Reimbursement Obligation or Bank Bond) when due and such failure shall continue for **[three (3)]** Business Days;

(c) any representation or warranty made by or on behalf of the Authority in this Agreement or in any other Related Document or in any certificate or statement delivered hereunder or thereunder shall be incorrect or untrue in any material respect when made or deemed to have been made or delivered;

(d) the Authority shall default in the due performance or observance of any of the covenants set forth in 6.01, [6.03], 6.05, 6.07, 6.08, 6.09, 6.10, 6.11, 6.13, 6.14, 6.15 or 6.16; or

(e) the Authority shall default in the due performance or observance of any other term, covenant or agreement contained in this Agreement or any other Related Document and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof;

(f) the Authority shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or

reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 7.01(g) of this Agreement;

(g) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Authority or any substantial part of its Property, or a proceeding described in Section 7.01(f)(v) shall be instituted against the Authority and such proceeding continues undischarged or any such proceeding continues undismitted or unstayed for a period of thirty (30) or more days;

(h) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt of the Authority by the Authority or any Governmental Authority with appropriate jurisdiction;

(i) any material provision of any of this Agreement or any of the Related Documents shall cease to be valid and binding on the Authority or declared to be null and void by any Governmental Authority or the Authority or any agent or trustee on behalf of the Authority shall contest any such material provision or deny that it has any or further liability under any of the Related Documents;

(j) dissolution or termination of the existence of the Authority;

(k) any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, which is subject to payment from any of the Pledged Property shall be entered or filed against the Authority or against any of the Pledged Property and remain unpaid, unvacated, unbonded or unstayed for a period of sixty (60) days; or

(l) the failure by the Trustee to receive and amounts set forth in an Intercept Notice in the amounts and at the time set forth in the Intercept Schedule attached thereto; or

(m) any "event of default" under any Related Document (as defined respectively therein) shall have occurred.

Section 7.02. Remedies. Upon the occurrence and during the continuance of any Event of Default hereunder, the Bank, shall, with notice thereof to the Trustee, exercise any one or more of the following rights and remedies, in addition to any other remedies herein or by law provided:

(a) by notice to the Authority, declare all Obligations to be, and such amounts shall thereupon become, immediately and automatically due and payable without further presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Authority, provided that upon the occurrence of an Event of Default under Section 7.01(f) or 7.01(g) such acceleration shall automatically occur (unless such automatic acceleration is waived by the Bank in writing);

(b) direct the Trustee to exercise its rights under the Indenture and the Related Documents; and

(c) pursue any other action available at law or in equity;

provided, however, that the failure of the Bank to give notice of the exercise of any such right or remedy shall not affect the validity or enforceability thereof.

The Authority agrees to pay to the Bank, all expenses incurred or paid by the Bank, including reasonable attorneys' fees and court costs, in connection with any default by the Authority hereunder or in connection with the enforcement of any of the terms hereof.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notices.

(a) **Notices Generally.** Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

If to the Authority: California School Finance Authority
State Treasurer's Office
304 S. Broadway, Suite 550
Los Angeles, California 90013
Attention: Executive Director
Telephone No.: []
Facsimile No.: []
E-mail: []

If to the Bank: **[Royal Bank of Canada / Citibank, N.A.]**
[]
Attention of: []
Telephone No.: []
Facsimile No.: []

With copies to: **[Royal Bank of Canada / Citibank, N.A.]**
[]
Attention of: []
Telephone No.: []
Facsimile No.: []

With respect to the Letter of Credit:

[Royal Bank of Canada / Citibank, N.A.]

[]
Attention of: []
Telephone No.: []
Facsimile No.: []

If to the Trustee: U.S. Bank National Association
[]
Attention of: []
Telephone No.: []
Facsimile No.: []

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours to have been given at the opening of business on the next business day). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) **Electronic Communications.** Notices and other communications to the Bank hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Bank. The Bank or the Authority may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

(c) **Bank's Office.** The Bank hereby designates its office located at the address set forth above, or any subsequent office which shall have been specified for such purpose by written notice to the Authority and the Bank, at the Bank's Office referred to herein, to which payments due are to be made.

(d) **Change of Address, Etc.** Each of the Authority or the Bank may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

Section 8.02. Amendments, Waivers and Consents. Except as specifically provided in any Related Document, any term, covenant, agreement or condition of this Agreement or any of the other Related Documents may be amended or waived by the Bank, if, but only if, such amendment, waiver or consent is in writing signed by the Bank and, in the case of an amendment, also signed by the Authority.

Section 8.03. Expenses; Indemnity.

(a) **Costs and Expenses.** The Authority shall pay (i) all reasonable out of pocket expenses incurred by the Bank and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Bank), in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Related Documents or any amendments, modifications or waivers of the provisions hereof or

thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all out of pocket expenses incurred by the Bank (including the fees, charges and disbursements of any counsel for the Bank) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Related Documents, including its rights under this Section, and (B) in connection with the Drawing made pursuant to the Letter of Credit or the Letter of Credit issued hereunder, including all such out of pocket expenses incurred during any workout, restructuring or negotiations in respect of such Drawing or the Letter of Credit.

(b) ***Indemnification by the Authority.*** The Authority shall indemnify the Bank and each Related Party of the Bank (each such Person being called an “Indemnatee”) against, and hold each Indemnatee harmless from, and shall pay or reimburse any such Indemnatee for, any and all losses, claims, penalties, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnatee), incurred by any Indemnatee or asserted against any Indemnatee by any Person (including the Authority), arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Related Document, the Official Statement or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) the Drawing or the Letter of Credit or the use or proposed use of the proceeds therefrom, (iii) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Authority, and regardless of whether any Indemnatee is a party thereto, or (iv) any claim, investigation, litigation or other proceeding (whether or not the Bank is a party thereto) and the prosecution and defense thereof, arising out of or in any way connected with the Drawing, this Agreement, any other Related Document, or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby, including without limitation, reasonable attorneys and consultant’s fees, provided that such indemnity shall not, as to any Indemnatee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnatee.

(c) ***Waiver of Consequential Damages, Etc.*** To the fullest extent permitted by Applicable Law, the Authority shall not assert, and hereby waives, any claim against any Indemnatee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Related Document, the Official Statement or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, the Drawing or the Letter of Credit or the use of the proceeds thereof.

(d) ***No Liability of the Bank.*** The Authority agrees that the Bank shall have no liability or responsibility for the acts or omissions of the Trustee in respect of the use of this Agreement or any Drawings funded by the Bank under the Letter of Credit. The Bank shall have no responsibility for, nor incur any liability in respect of, any act, or any failure to act, by the Trustee which results in the failure of the Trustee to effect a Drawing to or to

comply with the applicable provisions of the Indenture or any other Related Document. Neither the Bank nor any of its officers or directors shall be liable or responsible for: (a) the use which may be made of the Letter of Credit or for any acts or omissions of the Trustee, any agent of the Trustee and any transferee beneficiary in connection therewith; (b) the validity or genuineness of documents, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, fraudulent or forged; (c) payment by the Bank against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under the Letter of Credit; except only that the Authority shall have a claim against the Bank and the Bank shall be liable to the Authority to the extent of any direct, as distinguished from consequential or punitive (the right to receive consequential or punitive damages being hereby waived), damages suffered by the Authority when the Authority proves such were caused by the Bank's gross negligence or willful failure to make payment under the Letter of Credit in accordance with its terms as determined by a court of competent jurisdiction in a final, non-appealable judgment thereof. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. The Bank is hereby expressly authorized and directed to honor any demand for payment which is made under the Letter of Credit without regard to, and without any duty on its part to inquire into the existence of, any disputes or controversies between or among the Authority, the Trustee, any transferee beneficiary of the Letter of Credit or any other Person or the respective rights, duties or liabilities of any of them, or whether any facts or occurrences represented in any of the documents presented under the Letter of Credit are true and correct.

(e) **Payments.** All amounts due under this Section shall be payable promptly after demand therefor.

(f) **Survival.** Each party's obligations under this Section shall survive the termination of the Related Documents and payment of the obligations hereunder.

Section 8.04. Obligations Absolute. The payment obligations of the Authority under this Agreement shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including, without limitation, the following circumstances:

(a) any lack of validity or enforceability of the Letter of Credit or any of the other Related Documents;

(b) any amendment or waiver of or any consent to departure from all or any of the Related Documents (unless consented to in writing by the Bank);

(c) the existence of any claim, set off, defense (other than the defense of payment) or other right which the Authority may have at any time against the Trustee or any other beneficiary, or any transferee, of the Letter of Credit (or any persons or entities for whom the Trustee, any such beneficiary or any such transferee may be acting), the

Bank, or any other person or entity, whether in connection with this Agreement, the transactions contemplated herein or in the Related Documents, or any unrelated transaction;

(d) any statement or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or

(e) payment by the Bank under the Letter of Credit against presentation of a draft or certificate which does not comply with the terms of the Letter of Credit.

Section 8.05. Governing Law; Jurisdiction, Etc.

(a) ***Governing Law.*** This Agreement and the other Related Documents and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Related Document (except, as to any other Related Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State.

(b) ***Submission to Jurisdiction.*** The Authority irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Bank or any Related Party of the foregoing in any way relating to this Agreement or any other Related Document or the transactions relating hereto or thereto, in any forum other than the courts of the State, and of the United States District Courts in the State, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the exclusive jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such State court or, to the fullest extent permitted by Applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) ***Waiver of Venue.*** The Authority irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Related Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) ***Service of Process.*** Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 8.01. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law.

Section 8.06. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). IF AND TO THE EXTENT THAT THE FOREGOING WAIVER OF THE RIGHT TO A JURY TRIAL IS UNENFORCEABLE FOR ANY REASON IN SUCH FORUM, EACH OF THE PARTIES HERETO HEREBY CONSENTS TO THE ADJUDICATION OF ALL CLAIMS PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND CONSENT AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER RELATED DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 8.07. Injunctive Relief. The Authority recognizes that, in the event the Authority fails to perform, observe or discharge any of its obligations or liabilities under this Agreement, any remedy of law may prove to be inadequate relief to the Bank. Therefore, the Authority agrees that the Bank, at its option, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

Section 8.08. Successors and Assigns; Participations.

(a) ***Successors and Assigns Generally.*** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Authority may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Bank.

(b) ***Participations.*** The Bank may at any time, without the consent of, or notice to, the Authority, sell participations to any Person (other than a natural Person or the Authority) (each, a "Participant") in all or a portion of the Bank's rights and/or obligations under this Agreement; provided that (i) the Bank's obligations under this Agreement shall remain unchanged, (ii) the Bank shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Authority shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which the Bank sells such a participation shall provide that the Bank shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such

agreement or instrument may provide that the Bank will not, without the consent of the Participant, agree to any amendment, waiver or other modification that affects such Participant.

(c) ***Certain Pledges.*** The Bank may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement and the Related Documents to secure obligations of the Bank or an Affiliate of the Bank, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank or any state or local governmental entity with respect to public deposits; provided that no such pledge or assignment shall release such Bank from any of its obligations hereunder or substitute any such pledgee or assignee for the Bank as a party hereto.

Section 8.09. Treatment of Certain Information; Confidentiality. The Bank agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and its Affiliates' respective Related Parties in connection with this Agreement, the transactions contemplated hereby or in connection with marketing of services by such Affiliate or Related Party to the Authority (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by, or required to be disclosed to, any regulatory or similar authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners) or in accordance with the Bank's regulatory compliance policy if the Bank deems such disclosure to be necessary for the mitigation of claims by those authorities against the Bank or any of its Related Parties (in which case, the Bank shall use commercially reasonable efforts to, except with respect to any audit or examination conducted by bank accountants or any governmental bank regulatory authority exercising examination or regulatory authority, promptly notify the Authority, in advance, to the extent practicable and otherwise permitted by Applicable Law), (c) as to the extent required by Applicable Laws or regulations or in any legal, judicial, administrative proceeding or other compulsory process, (d) to any other party hereto, (e) in connection with the exercise of any remedies under this Agreement, under any other Related Document, or any action or proceeding relating to this Agreement, any other Related Document, or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Authority and its obligations, this Agreement or payments hereunder (f) on a confidential basis to (i) Moody's in connection with rating the Authority or the Notes or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Notes, (g) with the consent of the Authority, (h) deal terms and other information customarily reported to Thomson Reuters, other bank market data collectors and similar service providers to the lending industry and service providers to the Bank in connection with the administration of the Related Documents, (i) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Bank or any of its Affiliates from a third party that is not, to such Person's knowledge, subject to confidentiality obligations to the Authority, (j) to the extent that such information is independently developed by such Person, or (k) for purposes of establishing a "due diligence" defense. For purposes of this Section, "Information" means all information received from the Authority or any

of its respective businesses, other than any such information that is available to the Bank on a non-confidential basis prior to disclosure by the Authority; provided that, in the case of information received from a the Authority after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 8.10. Performance of Duties. The Authority's obligations under this Agreement and each of the other Related Documents shall be performed by the Authority at its sole cost and expense.

Section 8.11. Survival.

(a) All representations and warranties set forth in Article V and all representations and warranties contained in any certificate, or any of the Related Documents (including, but not limited to, any such representation or warranty made in or in connection with any amendment thereto) shall constitute representations and warranties made under this Agreement. All representations and warranties made under this Agreement shall be made or deemed to be made at and as of the Closing Date (except those that are expressly made as of a specific date), shall survive the Closing Date and shall not be waived by the execution and delivery of this Agreement, any investigation made by or on behalf of the Bank or any borrowing hereunder.

(b) Notwithstanding any termination of this Agreement, the indemnities to which the Bank is entitled under the provisions of this Article VIII and any other provision of this Agreement and the other Related Documents shall continue in full force and effect and shall protect the Bank against events arising after such termination as well as before.

Section 8.12. Titles and Captions. Titles and captions of Articles, Sections and subsections in, and the table of contents of, this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

Section 8.13. Severability of Provisions. Any provision of this Agreement or any other Related Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remainder of such provision or the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction. In the event that any provision is held to be so prohibited or unenforceable in any jurisdiction, the Bank and the Authority shall negotiate in good faith to amend such provision to preserve the original intent thereof in such jurisdiction.

Section 8.14. Counterparts; Integration; Effectiveness; Electronic Execution.

(a) ***Counterparts; Integration; Effectiveness.*** This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Related Documents, and any separate letter

agreements with respect to fees payable to the Bank, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Bank and when the Bank shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) **Electronic Execution.** The words “execution,” “signed,” “signature,” and words of like import in any assignment and assumption agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 8.15. Term of Agreement. This Agreement shall remain in effect from the Closing Date through and including the date upon which all Obligations (other than contingent indemnification obligations not then due) arising hereunder shall have been indefeasibly and irrevocably paid and satisfied in full and the Letter of Credit has been terminated. No termination of this Agreement shall affect the rights and obligations of the parties hereto arising prior to such termination or in respect of any provision of this Agreement which survives such termination.

Section 8.16. USA PATRIOT Act; Anti-Money Laundering Laws. The Bank hereby notifies the Authority that pursuant to the requirements of the PATRIOT Act or any other Anti-Money Laundering Laws, the Bank is required to obtain, verify and record information that identifies the Authority, which information includes the name and address of the Authority and other information that will allow the Bank to identify the Authority in accordance with the PATRIOT Act or such Anti-Money Laundering Laws.

Section 8.17. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Related Document), the Authority acknowledges and agrees that: (a) (i) the services regarding this Agreement provided by the Bank and any Affiliate thereof are arm’s-length commercial transactions between the Authority, on the one hand, and the Bank and its Affiliates, on the other hand, (ii) the Authority has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) the Authority is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Related Documents; (b) (i) the Bank and its Affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the Authority, or any other Person and (ii) neither the Bank nor any of its Affiliates has any obligation to the Authority with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Related Documents; and (c) the Bank

and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Authority, and neither the Bank nor any of its Affiliates has any obligation to disclose any of such interests to the Authority. To the fullest extent permitted by law, the Authority, hereby waives and releases any claims that it may have against the Bank or any of its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

Section 8.18. EMMA Postings. In the event the Authority files with EMMA this Agreement, any Related Documents or any description of the material terms thereof or notice of any agreement to covenants, events of default, remedies, priority rights or other similar terms, either voluntarily or as required pursuant a continuing disclosure agreement or Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the “Rule”) (each such posting, an “EMMA Posting”), the Authority shall (i) provide the Bank with a copy of each EMMA Posting prior to submitting or posting on EMMA and (ii) shall not file or permit the filing of any EMMA Posting that includes Confidential Information. The Authority acknowledges and agrees that although the Bank may request review, edits or redactions of such materials prior to filing, the Bank is not responsible for the Authority’s or any other entity’s (including, but not limited to, any broker-dealer’s) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with any continuing disclosure agreement or any applicable securities or other laws, including, but not limited to, those relating to the Rule.

Section 8.19. No Third-Party Rights. Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto.

[Signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the Closing Date.

**CALIFORNIA SCHOOL FINANCE
AUTHORITY**

By: _____
Name: _____
Title: _____

**[ROYAL BANK OF CANADA / CITIBANK,
N.A.]**

By: _____
Name: _____
Title: _____

APPENDIX I
FORM OF
IRREVOCABLE TRANSFERABLE LETTER OF CREDIT

[March __, 2021]
[\$Original Stated Amount]
Letter of Credit No. [Insert LC Number]

U.S. Bank National Association, as Trustee,
or its successors hereunder (the "Trustee").

[Address of Trustee]

Ladies and Gentlemen:

[**Royal Bank of Canada / Citibank, N.A.**] (the "Bank") hereby establish in your favor as Trustee, under the Indenture dated as of March 1, 2021 (the "Indenture") between the California School Finance Authority (the "Authority") and you as Trustee for the benefit of the holders of the Authority's Revenue Notes (ASAP Program), Series 2021[A/B]-[1/2] (Taxable) (the "Notes") our irrevocable transferable Letter of Credit No. [Insert LC Number] for the account of the Authority. The Bank hereby irrevocably authorizes you to draw on us from time to time, from and after the date hereof to and including the earliest to occur of our close of business on: (i) [**December 30, 2021**] (the "Stated Expiration Date") or (ii) the date which is one (1) Business Day following receipt by the Bank of a certificate in the form set forth as Exhibit A hereto (the earliest of such dates to occur referred to herein as the "Termination Date"), a maximum aggregate amount not exceeding [**Original Stated Amount in Words**] (U.S. [\$**Original Stated Amount**] the "Original Stated Amount") to pay the unpaid principal amount of, and accrued interest on, the Notes in accordance with the terms hereof (said [\$**Original Stated Amount**] having been calculated to be equal to [**\$Par Amount**], the principal amount of the Notes issued on [**March __, 2021**], plus interest due and payable on the Notes on their Maturity Date (as defined in the Indenture) at the rate or __%.

This Letter of Credit is available to you against presentation of a certificate (with all blanks appropriately completed) in the form attached as Exhibit B hereto (the "Drawing Certificate"), such Drawing Certificate to state therein that it is given by your duly authorized officer and dated the date such certificate is presented hereunder. A Drawing Certificate under this Letter of Credit shall be presented directly to us by you, or by any transferee who has succeeded you as Trustee under the Indenture, and shall not be negotiated to or by any third party. Amounts drawn hereunder are not subject to reinstatement.

The drawing shall be made by presentation of the Drawing Certificate at the Bank's office at [**Royal Bank of Canada, 5th Floor, 200 Vesey Street, New York, New York 10281-8098, Attention: Manager, Letter of Credit Administration, facsimile number (212) 428-3015**] [**Citibank, N.A., c/o Citicorp North America, Inc., 3800 Citibank Center, Building B, Third Floor, Tampa, FL 33610, Attention: Standby Letter of Credit Department, Facsimile No.: (609) 681-2740**], or at such other address or telecopier number as we may specify to you in writing without further need of documentation, including the original of this Letter of Credit, it being

understood that the Drawing Certificate so submitted is to be the sole operative instrument of drawing.

We agree to honor and pay the amount of the drawing if presented in compliance with all of the terms of this Letter of Credit. If the Drawing Certificate is presented prior to **[3:00 P.M.]**, New York City time, on a Business Day, payment shall be made in immediately available funds, by **[12:00 P.M.]**, New York City time, on the following Business Day. If the Drawing Certificate is presented at or after **[3:00 P.M.]**, New York City time, on a Business Day, payment shall be made to in immediately available funds, by **[12:00 P.M.]**, New York City time, on the second following Business Day. "Business Day" means any day which is not (a) a Saturday, a Sunday or, in the City of New York, New York, or the office of the Bank at which drawings under the Letter of Credit are to be honored is located (initially, **[New York, New York] [Tampa, Florida]**) or where the Trustee is located, a day on which banks and trust companies are authorized or required by law or executive order to close, or (b) a day on which the New York Stock Exchange is closed.

Upon the Termination Date, this Letter of Credit shall automatically terminate and be delivered to the Bank for cancellation.

This Letter of Credit is transferable in whole only to your successor as Trustee under the Indenture. Any such transfer (including any successive transfer) shall be subject to the Bank's receipt of a signed transfer request signed by the transferor and by the transferee in the form of Exhibit C hereto and, in such case, the transferee instead of the transferor shall, be entitled to all the benefits of and rights under this Letter of Credit in the transferor's place; provided that, in such case, any certificates of the Trustee to be provided hereunder shall be signed by one who states therein that he is a duly authorized officer of the transferee.

Payment by the Bank to the Trustee pursuant to the Drawing Certificate shall be made in immediately available funds to the Trustee at: U.S. Bank National Association, **[ABA Number: _____, Account Number: _____, Account Name: _____, Attention: _____]**.

Communications with respect to this Letter of Credit shall be addressed to the Bank at **[Royal Bank of Canada, 5th Floor, 200 Vesey Street, New York, New York 10281-8098, facsimile number: (212) 428-3015, Attention: Manager, Letter of Credit Administration] [Citibank, N.A., c/o Citicorp North America, Inc., 3800 Citibank Center, Building B, Third Floor, Tampa, FL 33610, Attention: Standby Letter of Credit Department, Facsimile No.: (609) 681-2740]**, specifically referring to the number of this Letter of Credit.

To the extent not inconsistent with the express terms hereof, this Letter of Credit shall be governed by, and construed in accordance with, the terms of the International Standby Practice 98 ("ISP98"). As to matters not governed by the ISP98 this Letter of Credit shall be governed by and construed in accordance with Article 5 of the Uniform Commercial Code as in effect in the State of New York.

This Letter of Credit is irrevocable.

All payments made by us hereunder shall be made from our funds and not with the funds of any other person.

This Letter of Credit sets forth in full the terms of our undertaking, and such undertaking shall not in any way be modified or amended by reference to any other document whatsoever.

**[ROYAL BANK OF CANADA /
CITIBANK, N.A.]**

By: _____
Name: _____
Title: _____

**EXHIBIT A
TO
LETTER OF CREDIT**

Letter of Credit No. [Insert LC Number]

NOTICE OF TERMINATION

**[Royal Bank of Canada
200 Vesey Street, 5th Floor
New York, New York 10281-8098
Attention: Manager, Letter of Credit Administration]**

**[Citibank, N.A.
3800 Citibank Center, Building B, 3rd Floor
Tampa, Florida 33610
Attention: Standby Letter of Credit Unit]**

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. **[Insert LC Number]** dated **[March __, 2021]** (the “Letter of Credit”) which has been established by the Bank for the account of California School Finance Authority, in favor of the Trustee.

The undersigned hereby certifies and confirms that no Notes (as defined in the Letter of Credit) remain Outstanding within the meaning of the Indenture (as defined in the Letter of Credit), and accordingly, the Letter of Credit shall be terminated in accordance with its terms. We have included with delivery of this Notice of Termination the original of the Letter of Credit.

All defined terms used herein which are not otherwise defined shall have the same meaning as in the Letter of Credit.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
[Title of Authorized Officer]

**EXHIBIT B
TO
LETTER OF CREDIT**

Letter of Credit No. [Insert LC Number]

DRAWING CERTIFICATE

**[Royal Bank of Canada
200 Vesey Street, 5th Floor
New York, New York 10281-8098
Attention: Manager, Letter of Credit Administration]**

**[Citibank, N.A.
3800 Citibank Center, Building B, 3rd Floor
Tampa, Florida 33610
Attention: Standby Letter of Credit Unit]**

Ladies and Gentlemen:

The undersigned individual, a duly authorized officer of U.S. Bank National Association (the “Beneficiary”), hereby certifies on behalf of the Beneficiary as follows with respect to (i) that certain Irrevocable Transferable Letter of Credit No. **[Insert LC Number]** dated **[March __, 2021]** (the “Letter of Credit”), issued by the Bank in favor of the Beneficiary; (ii) those certain Notes (as defined in the Letter of Credit); and (iii) that certain Indenture (as defined in the Letter of Credit):

1. The Beneficiary is the Trustee under the Indenture.
2. The Beneficiary is entitled to make this drawing in the amount of **[\$_____]**² under the Letter of Credit pursuant to the Indenture.
3. (a) The amount of this drawing is equal to the principal amount of Notes maturing on **[December 31, 2021]** plus accrued interest on such principal amount, as specified in the Indenture.

(b) Of the amount stated in paragraph 2 above:
 - (i) **[\$_____]**³ is demanded in respect of the principal amount of the Notes referred to in subparagraph (a) above; and
 - (ii) **[\$_____]**⁴ is demanded in respect of payment of the interest portion of such Notes.

² Drafting Note: Such amount to be inserted prior to closing.

³ Drafting Note: Such amount to be inserted prior to closing.

⁴ Drafting Note: Such amount to be inserted prior to closing.

4. The amount of this drawing made by this Certificate was computed in compliance with the terms and conditions of the Indenture.

5. Payment by the Bank pursuant to this drawing shall be made as set forth in the Letter of Credit.

IN WITNESS WHEREOF, this Certificate has been executed this ____ day of _____,
_____.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
[Title of Authorized Officer]

**EXHIBIT C
TO
LETTER OF CREDIT**

Letter of Credit No. [Insert LC Number]

TRANSFER CERTIFICATE

**[Royal Bank of Canada
200 Vesey Street, 5th Floor
New York, New York 10281-8098
Attention: Manager, Letter of Credit Administration]**

**[Citibank, N.A.
3800 Citibank Center, Building B, 3rd Floor
Tampa, Florida 33610
Attention: Standby Letter of Credit Unit]**

Ladies and Gentlemen:

Reference is made to that certain Irrevocable Transferable Letter of Credit No. **[Insert LC Number]** dated **[March __, 2021]**, which has been established by the Bank in favor of

_____.

The undersigned, a duly authorized officer of [Name of Transferor], has transferred and assigned all of its rights in and under said Letter of Credit to [Name and Address of Transferee] and confirms that [Name of Transferor] no longer has any rights under or interest in said Letter of Credit. Said Transferee has succeeded the Transferor as Trustee under the Indenture.

By virtue of this transfer, the Transferee shall have the sole rights as beneficiary of said Letter of Credit, including sole rights relating to any past or future amendments thereof, whether increases or extensions or otherwise. All amendments are to be advised directly to the Transferee without necessity of any consent of or notice to the Transferor.

By its signature below, the Transferee acknowledges that it has duly succeeded the Transferor as Trustee under the Indenture, and agrees to be bound by the terms of the Indenture as if it were the original Trustee thereunder.

The Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof and to forward it directly to the Transferee with your customary notice of transfer.

Name of Transferor

By: _____
[Title of Authorized Officer of Transferor]

Name of Transferee

By: _____
[Title of Authorized Officer of Transferee]

**MEMORANDUM OF UNDERSTANDING RELATING TO
CALIFORNIA SCHOOL FINANCE AUTHORITY REVENUE NOTES (ASAP
PROGRAM) BY AND AMONG THE CALIFORNIA STATE CONTROLLER'S
OFFICE, THE CALIFORNIA DEPARTMENT OF EDUCATION AND THE
CALIFORNIA SCHOOL FINANCE AUTHORITY**

WHEREAS, this Memorandum of Understanding, dated as of February 19, 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 Department of Education (the "CDE"), in connection with the issuance of certain obligations to be issued by the Authority; and

WHEREAS, in response to a budget shortfall associated with the novel coronavirus pandemic, the annual budget package for the State of California (the "State") for the 2020-21 fiscal year (the "2020-21 State Budget") deferred approximately 30% of school district (including charter schools), county office 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 (including charter schools), county offices of education and community college districts to employ low-cost cash management strategies to meet their needs for ongoing working capital, which, in the case of public charter schools, includes temporary borrowing under loan agreements with public agencies; and

WHEREAS, the Authority is a public instrumentality of 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 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 the purpose of financing, among other things, working capital (as defined in the Act); and

WHEREAS, the Authority expects to issue notes (the "Notes") to finance working capital loans (each, a "Loan") made to various nonprofit public benefit corporations operating one or more public charter schools, each qualified as a "participating party" under the Act (individually, a "Borrower" and together, the "Borrowers"), which Notes will be secured and repaid by the Controller's intercepting the eventual payment of the Apportionment Deferrals (the "ASAP Program"); and

WHEREAS, each of the Borrowers operates one or more public charter schools (each, a "Charter School") and will enter into a Loan Agreement with the Authority (each, a "Loan Agreement") under the ASAP Program, the loan repayments under which (the "Loan Repayments") will be pledged to the payment of debt service on the respective series or tranche of Notes funding the related Loan Agreement; and

WHEREAS, such security and repayment through intercept is authorized by Section 17199.4(a) of the Act, which 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; 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 Loan Repayments and a schedule of the Loan Repayments subject to the Election (collectively, the “Funds Subject to Intercept”); and

WHEREAS, Education Code Sections 41330, 41332 and 41335 require the CDE, on behalf of the State Superintendent of Public Instruction, to certify to the Controller the amounts estimated to be apportioned to each Charter School operated by an affected Borrower under the laws of the State during each fiscal year; and

WHEREAS, the Loan Repayments due under the Loan Agreements for Borrowers participating in the ASAP Program will be funded from the apportionments due from the State to each Borrower from the State for fiscal year 2020-21 (the “2020-21 Fiscal Year”);

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 Borrower whose Loan is funded with proceeds of a series or tranche of the Notes to file both a Notice of Election (each, an “Intercept Notice”) and an EFT Form with the Controller in accordance with Section 17199.4 of the Act. The Controller acknowledges that the Note terms require such Intercept Notice to 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. The Controller acknowledges that the Note terms require that all Intercept Notices and EFT Forms filed under this MOU in connection with the ASAP Program shall reflect that all Funds Subject to Intercept shall be transferred to U.S. Bank National Association, as trustee (the “Trustee”) under the Indenture, dated as of March 1, 2021, by and between the Authority and the Trustee (the “Indenture”), for deposit into an account of the Revenue Fund (the “Revenue Fund”) established under the Indenture relating to the series or tranche of Notes funding the related Loan Agreement.

Section 2. Controller Intercept and Deposit of Funds Available for Apportionment. In accordance with the Intercept Notice, the Controller shall intercept the amounts designated for apportionment by the CDE to each Charter School operated by a Borrower, all or a portion of which will constitute the Funds Subject to Intercept for that Charter School, are composed of a portion of State Aid Subject to Apportionment, as defined below, for that Charter School. “State Aid Subject to Apportionment” represents the amount of funding each Charter School operated by a Borrower receives from the State School Fund from the principal apportionment determined pursuant to Education Code Section 14041. This includes funding from several State programs, the two largest being the Local Control Funding Formula and Special Education. For Fiscal Year 2020-21, for each Borrower, the total Funds Subject to Intercept may not exceed the amounts deferred by the State (the “Deferral Amounts”) from Fiscal Year 2020-21 State Aid Subject to Apportionment originally due to each Charter School operated by that Borrower 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 Loan Repayments due under all of the Loan Agreements may not exceed the aggregate Deferral Amounts for the Charter Schools operated by all Borrowers. The Funds Subject to Intercept and Repayment Periods (defined below) during which the Loan Repayments are due to be paid by or on behalf of each Borrower are displayed on a Schedule attached to the Intercept Notice submitted by that Borrower (each, a “Schedule”). Pursuant to State law, the Deferral Amounts vest and will be paid to each Charter School operated by a Borrower for each calendar month following the date of issuance of the Notes through and including June 30, 2021 (each, a “Vested Deferral Amount”), so long as that Charter School continues in operation through the end of that calendar month.

Section 3. Information from the CDE. The CDE, in accordance with Education Code Sections 41332 and 413335, expects to calculate and post on its website the apportionment, including the Deferral Amounts for the first period of Fiscal Year 2020-21 (the “P-1 Period”) for each Charter School by February 20, 2021, for the months of February through and including May 2021, which will be paid by the State in the months of August through November 2021 (the “P-1 Pronouncement”), and the final Deferral Amount for each Charter School (the “P-2 Period”) by June 25, 2021, which would normally be payable in the month of June 2021, but which will instead be paid by the State in the month of July 2021 (the “P-2 Pronouncement”). The parties acknowledge that, notwithstanding the foregoing, 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 time of Apportionment Deferrals to advance or further defer the dates on 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 CDE. Additionally, in the event that a Charter School should cease operations prior to June 30, 2021, it would lose its entitlement to Deferral Amounts attributed to each month in which it failed to operate and the CDE would revise its calculations to reflect that the Charter School was entitled only to its Vested Deferral Amounts. In each such case, the CDE would expect to post on its website revised Deferral Amounts attributable to each Charter School promptly after a Change in State Law or a Charter School closure as aforementioned, 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 the payment of all Funds Subject to Intercept, and any withholds, deductions and offsets to be made from the applicable Borrower’s State Aid Subject to Apportionment.

Section 4. Intercept Procedure. (a) The Notes are secured by the obligations of the State to pay the Deferral Amounts to each Borrower and the obligation of the Controller to intercept those payments in order to make all Loan Repayments due under its Loan Agreement to the Trustee, in accordance with Education Code Section 17199.4(k). The Controller agrees that during each period identified under each Schedule as a period during which a Loan Repayment is owed by a Borrower (each, a “Repayment Period”), the first dollars disbursed by the Controller for each Charter School operated by the Borrower from its State Aid Subject to Apportionment shall be the Funds Subject to Intercept 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 Funds Subject to Intercept specified on the Schedule is greater than the State Aid Subject to Apportionment available for that Borrower during that Repayment Period, the Controller shall

remit to the Trustee the entire State Aid Subject to Apportionment 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 each participating Charter School, so that a greater percentage of the apportionments payable in due course to the Borrowers during any of the Deferral Months is in fact paid during the Deferral Months (each, a “Restored Apportionment”), the Borrowers 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 Notes, expected to be paid to the Borrowers, the Borrowers 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, the Schedule for each Borrower to the Controller immediately upon the issuance of each Note. The Funds Subject to Intercept 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 related Notes, the Authority shall provide, or cause to be provided, the 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 ASAP 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 Borrowers.

Section 6. Priority of Funds Subject to Intercept. The parties hereto acknowledge that upon receipt of the Intercept Notices from or on behalf of the Borrowers, 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 Revenue Fund according to the Schedules. The Funds Subject to Intercept represent all or a portion of the Deferral Amounts of each Borrower, as set forth on the Schedule associated with such Borrower’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

Borrower, in each case, net of Senior Loans. The parties hereto acknowledge that pursuant to Section 17199.4(g)(2) of the Act, none of the participating parties (here, the Borrowers) or any of their creditors has any claim to the funds apportioned or anticipated to be apportioned by the Controller under Section 17199.4 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 obligations of the Authority set forth in the Indenture to the holders of the Notes and to the Banks under the Reimbursement Agreements (each, as defined in the Indenture), and net of Senior Loans, 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 CDE, the State Allocation Board, CalSTRS, any county or any county office of education, including, without limitation, Government Code Section 12419.5, Education Code Sections 17076.10, 17219, 17222, 23007, 41024, 41365(f), 42120, 42128-29, 44415-16, 48317 or 59300 or California Code of Regulations, Title 5, Section 3088.1 or 11234.

Section 7. Prepayment of Existing Obligations. The Authority represents, on behalf of the Borrowers, that each Borrower with a loan outstanding as of the date hereof through the Authority, the State Emergency Loan program or through the Infrastructure and Economic Development Bank of the State pursuant to Education Code Section 41329.53 and 41329.55, or other long-term obligations subject to intercept by the Controller (each, a “Senior Loan”) has or will have (a) 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; or (b) structured its Loan Amount so that its Deferral Amounts scheduled to be received during the period from July 1, 2021, through and including the Maturity Date of the Notes will cover both (i) debt service coming due on its Senior Loan(s) (the “Senior Debt Service Payments”) during the Repayment Months and (ii) its Loan Repayments. For affected Borrowers, amounts intercepted by the Controller to pay Senior Debt Service Payments in the Repayment Periods will have a priority over Funds Subject to Intercept for that Borrower during the same Repayment Periods. The Authority represents that, as a condition of the issuance of the Notes, each Borrower 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.

Section 8. Remittances to Trustee. For each Charter School operated by a Borrower, the Controller shall remit to the Trustee an amount constituting the lesser of (a) the Funds Subject to Intercept and (b) State Aid Subject to Apportionment at the same time as other apportionment payments are paid to that Borrower 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 CDE: California Department of Education
1430 N Street
Sacramento, California 95814
Attention: Director School Fiscal Services Division
Email: KMeeker@cde.ca.gov

Section 10. Excess Amounts Remitted to Borrowers. The Authority represents that the Indenture includes a requirement that any amounts on deposit with the Trustee and collected from a Borrower in excess of the Loan Repayments due under that Borrower’s Loan Agreement shall be remitted by the Trustee to that Borrower at or promptly following the Maturity Date of the related Notes.

Section 11. Term of MOU. This MOU shall remain in effect until the Authority provides notice to the Controller and the CDE that all of the Notes funding Loan Agreements with the Borrowers have been paid in full and there is no remaining obligation of the Authority to the Banks under the Reimbursement Agreements.

Section 12. Amendment. This MOU may only be amended in a writing executed by all of the parties hereto. The Authority acknowledges the need to preserve the integrity of the trust estate (the “Trust Estate”) created under the Indenture, including the funds and accounts and the rights and obligations established thereunder, through and including the final Maturity Date of the Notes. Accordingly, the Authority covenants that it will not agree to any amendment of this MOU that materially adversely affects the Trust Estate until such time as the Trust Estate is dissolved under the terms of the Indenture.

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 DEPARTMENT OF
EDUCATION**

By: _____

EXHIBIT A

Notice to the State Controller Pursuant to Education Code Section 17199.4

_____, 2021

Re: California School Finance Authority Revenue Notes (ASAP Program), 2021 Series (Federally Taxable) (the “Notes”)

WHEREAS, [_____], a nonprofit public benefit corporation (the “Borrower”) operating a public charter school in the State of California (the “State”), has entered into a Loan Agreement with the California School Finance Authority (the “Authority”), dated as of March 1, 2021 (the “Loan Agreement”), under the terms of which the Borrower is obligated to make certain loan payments (the “Loan Repayments”) to or upon the order of the Authority in order to provide, together with the loan payments made by other nonprofit public benefit corporations operating public charter schools in the State (the “Other Charter Schools”), sufficient debt service to pay the principal of and interest on the captioned Notes at maturity; and

WHEREAS, the Borrower has elected to have its Loan Repayments 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 Authority and U.S. Bank National Association, as trustee (the “Trustee”); and

WHEREAS, the Authority has issued the Notes to fund loans made to the Borrower and to the Other Charter Schools under separate loan agreements;

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 Borrower has elected, pursuant to the terms of the Loan Agreement 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 Borrower 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 Department of Education, dated as of March 1, 2021, that causes a change in the timing of receipt or amount of the Borrower’s Deferral Amounts (as defined in the MOU) during any Repayment Period.

3. The Borrower 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 Borrower’s working capital loan from the Authority, evidenced by its Loan Agreement, 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 Loan Repayments due under the Loan Agreement, and that it is not submitting this notice for the purpose of accelerating the Borrower’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 #: _____
Reference: CSFA [ASAP Notes?]

(Remainder of page intentionally left blank)

_____, a California nonprofit
public benefit corporation, as Borrower

By: _____
Name:
Its:

Schedule I

Intercept Payment Amounts and Repayment Periods

EXHIBIT B

EFT Form

[Attached]

[To Come]

PRELIMINARY OFFICIAL STATEMENT DATED MARCH __, 2021

NEW ISSUE—FULL BOOK-ENTRY

**Rating: Moody's: “__”
(See “RATING” herein.)**

In the opinion of Orrick, Herrington & Sutcliffe, LLP (“Note Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is exempt from State of California personal income taxes. Note Counsel observes that interest on the Notes is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. Note Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Notes. See “TAX MATTERS” herein.

**CALIFORNIA SCHOOL FINANCE AUTHORITY
REVENUE NOTES
(ASAP PROGRAM)**

Comprised of

\$ _____*		\$ _____*
SERIES 2021A-1 (FEDERALLY TAXABLE)		SERIES 2021B-1 (FEDERALLY TAXABLE)
CUSIP No. _____		CUSIP No. _____
Maturity Date: December 30, 2021		Maturity Date: December 30, 2021
	and	
\$ _____*		\$ _____*
SERIES 2021A-2 (FEDERALLY TAXABLE)		SERIES 2021B-2 (FEDERALLY TAXABLE)
CUSIP No. _____		CUSIP No. _____
Maturity Date: December 30, 2021		Maturity Date: December 30, 2021

Date of Issue: Date of Delivery

The California School Finance Authority (the “Authority”) is issuing \$ _____* aggregate principal amount of its Revenue Notes (ASAP Program), Series 2021A-1 (Federally Taxable) (the “Series A-1 Notes”), \$ _____* aggregate principal amount of its Revenue Notes (ASAP Program), Series 2021A-2 (Federally Taxable) (the “Series A-2 Notes”), \$ _____ aggregate principal amount of its Revenue Notes (ASAP Program), Series 2021B-1 (Federally Taxable) (the “Series B-1 Notes”), and \$ _____ aggregate principal amount of its Revenue Notes (ASAP Program), Series 2021B-2 (Federally Taxable) (the “Series B-2 Notes,” and collectively with the Series A-1 Notes, the Series A-2 Notes and the Series B-1 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 Authority is authorized to enter into the Indenture and to sell the Notes on behalf of the Borrowers (defined below) under 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 “State”), as now in effect and as it may from time to time hereafter be amended or supplemented (the “Act”). The Authority will loan the proceeds of the Notes to each of several nonprofit public benefit corporations, each operating, organized and existing under the laws of the State and operating a public charter school (each, a “Borrower”), pursuant to separate Loan Agreements, each dated as of March 1, 2021, by and between the Authority and a Borrower (each, a “Loan Agreement”). The Notes and the interest thereon are payable solely out of certain revenues and income of the Borrowers intercepted by the State Controller (the “Controller”) and transferred to the Trustee, as provided in the Loan Agreements and from various funds and accounts held by the Trustee under the Indenture. Each of the Borrowers has pledged its income, revenues, cash receipts and other moneys attributable to Fiscal Year 2020-21, comprised of Deferral Amounts (as defined herein) (collectively, the “Unrestricted Revenues”) as the source of repayment under its Loan Agreement. Aggregate amounts payable under the Loan Agreements will be applied by the Trustee to the payment, at the Maturity Date shown above, of the principal of and interest on the Notes. See the headings, “THE BORROWERS – Participating Charter Schools” and “—Loan Repayment Schedules” herein.

The Notes will be delivered as fully registered obligations and initially 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 of \$5,000 in excess thereof. Purchasers of such beneficial interests (“Beneficial Owners”) 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 then remit such principal and interest to the DTC Participants (as hereinafter defined), who will then remit such principal and interest to the Beneficial Owners of the Notes.

The Notes are not subject to prepayment prior to the Maturity Date.

Each Borrower has pledged certain of its Unrestricted Revenues as described herein to the payment of amounts due under its Loan Agreement (the “Loan Repayments”), but no Borrower has any obligation to pay the Loan Repayments due under the Loan Agreement of any other Borrower. Each Borrower has entered into its Loan Agreement in order to obtain funds for its working capital needs during the 2020-21 fiscal year (“Fiscal Year 2020-21”). The primary source of funding the Loan Repayments will be the apportionments paid to each Borrower by the Controller attributable to Fiscal Year 2020-21, but anticipated to be received by the Borrowers in various months from July through and including November 2021. The Loan Repayments are further secured by amounts on deposit in the Reserve Fund (but only Loan Repayments due under Loan Agreements funded with the proceeds of the Series A-1 and Series A-2 Notes) and the Credit Enhancement Fee Fund established under the Indenture. See “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES” herein. Payments by a Borrower of the full amount of its Loan Repayments shall fully discharge the obligations of such Borrower to the Authority under its Loan Agreement, notwithstanding nonpayment by one or more other Borrowers of their Loan Repayments.

The obligation of each Borrower is a several and not a joint obligation and is strictly limited to such Borrower’s obligation to make the Loan Repayments due under its Loan Agreement.

Payment of the principal of and interest on the Series A-1 Notes and the Series B-1 Notes will be supported by funds drawn under an irrevocable direct-pay letter of credit (the “Citibank Letter of Credit”) issued by Citibank (“Citibank”), pursuant to separate Reimbursement Agreements (collectively, the “Citibank Reimbursement Agreements”), by and between Citibank and the Authority. The Citibank Letters of Credit are issued in a Stated Amount equal to the maturing principal of and interest on the Series A-1 Notes or the Series B-1 Notes, as applicable, at the Maturity Date.

[CITIBANK LOGO]

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.

Payment of the principal of and interest on the Series A-2 Notes and the Series B-2 Notes will be supported by funds drawn under an irrevocable direct-pay letter of credit (the "RBC Letter of Credit") issued by Royal Bank of Canada ("RBC"), pursuant to separate Reimbursement Agreements (collectively, the "RBC Reimbursement Agreements"), by and between RBC and the Authority. The RBC Letters of Credit are issued in a Stated Amount equal to the maturing principal of and interest on the Series A-2 Notes or the Series B-2 Notes, as applicable, at the Maturity Date.

[RBC LOGO]

THE NOTES ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA (THE "STATE") OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY, 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 THE NOTES OR THE INTEREST THEREON, EXCEPT FROM THE PAYMENTS AND 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 issued by the Authority and received by the Underwriters, subject to prior sale and approval of legality by Orrick, Herrington & Sutcliffe, LLP, Note Counsel to the Authority, and the approval of certain matters for the Authority by the Honorable _____, Attorney General of the State of California. Nixon Peabody LLP is acting as Disclosure Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by Kutak Rock LLP, Los Angeles, California, Underwriters' Counsel. It is expected that the Notes in definitive form will be available for delivery through the facilities of The Depository Trust Company in New York, New York, on or about March __, 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 Indenture, the Loan Agreements (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 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 ("Rule 15c2-12").

The State and each Borrower 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.

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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**CALIFORNIA SCHOOL FINANCE AUTHORITY
REVENUE NOTES
(ASAP PROGRAM)**

Comprised of

\$ _____*	\$ _____*
SERIES 2021A-1 (FEDERALLY TAXABLE)	SERIES 2021B-1 (FEDERALLY TAXABLE)
CUSIP No. _____	CUSIP No. _____
and	
\$ _____*	\$ _____*
SERIES 2021A-2 (FEDERALLY TAXABLE)	SERIES 2021B-2 (FEDERALLY TAXABLE)
CUSIP No. _____	CUSIP No. _____

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 through 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.

General

This Official Statement, including the cover page, table of contents, and Appendices hereto (the “Official Statement”), is provided to furnish information with respect to the sale and delivery of the California School Finance Authority Revenue Notes (ASAP Program), Series 2021A-1 (Federally Taxable), in the aggregate principal amount of \$ _____* (the “Series A-1 Notes”), California School Finance Authority Revenue Notes (ASAP Program), Series 2021A-2 (Federally Taxable), in the aggregate principal amount of \$ _____* (the “Series A-2 Notes”), California School Finance Authority Revenue Notes (ASAP Program), Series 2021B-1 (Federally Taxable), in the aggregate principal amount of \$ _____* (the “Series B-1 Notes”), and California School Finance Authority Revenue Notes (ASAP Program), Series 2021B-2 (Federally Taxable), in the aggregate principal amount of \$ _____* (the “Series B-2 Notes,” and collectively with the Series A-1 Notes, the Series A-2 Notes and the Series B-1 Notes, the “Notes”) issued by the California School Finance Authority (the “Authority”), a public instrumentality of the State of California (the “State”).

The Notes

The Notes will be issued pursuant to Chapter 18 (commencing with Section 17170) of Part 10 of Division 1 of Title 1 of the Education Code of the State (the “Act”) and the Indenture, dated as of March 1, 2021 (the “Indenture”), by and between the Authority and U.S. Bank National Association, San Francisco, California, as trustee (the “Trustee”), under a special working capital financing program established by the Authority (the “ASAP Program”).

The Notes will bear interest at the rate shown on the cover page hereof, based on a year of 360 days and twelve 30-day months, and will be payable as to both principal and interest on the Maturity Date shown on the cover page. **The Notes are not subject to prepayment prior to maturity.** The net proceeds of the Notes will be loaned to various nonprofit public benefit corporations organized and existing under the laws of the State and operating one or more public charter schools (each, a “Borrower”), each of which will execute and deliver a Loan Agreement, dated as of March 1, 2021 (each, a “Loan Agreement”), by and

* Preliminary; subject to change.

between the Authority and the Borrower. See “THE NOTES” herein. The Notes and the interest thereon are payable solely out of certain Loan Repayments due from each Borrower under its Loan Agreement and received by the Trustee (the “Loan Repayments”), representing a portion of each Borrower’s revenues and income attributable to fiscal year 2020-21 (the “2020-21 Fiscal Year”), but deferred by the State to certain months during fiscal year 2021-22 (the “Deferral Amounts”) and from certain funds and accounts held by the Trustee under the Indenture for such purpose. See “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES” herein.

The Notes will be issued in denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof, in fully registered form only and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). See “APPENDIX E – BOOK-ENTRY SYSTEM.”

Use of Proceeds

The proceeds of the Notes will be used to (1) provide funds for working capital to be used by the Borrowers for Fiscal Year 2020-21, (2) pay costs of issuance of the Notes and (3) pay capitalized interest on the Notes through their Maturity Date[s]. For more information, see “THE ASAP PROGRAM” herein. The uses of proceeds of the Series A-1 and A-2 Notes are further limited to facilities-related working capital of the respective Borrowers.

Security for the Notes

The Notes thereon are payable solely out of the Loan Repayments of the several Borrowers received by the Trustee pursuant to the Loan Agreements. The Loan Repayments are composed of all or a portion of the Deferral Amounts payable to each Borrower during the months of July through and including November 2021. The Deferral Amounts have been apportioned by the State to each of the Borrowers, representing apportionments for the 2020-21 Fiscal Year. See APPENDIX A – “THE STATE OF CALIFORNIA” regarding the State’s financial position. Under current State law, so long as a Borrower continues to operate as a public charter school through and including June 30, 2021, its apportionment of the Deferral Amounts will continue to be provided to the Office of the State Controller (the “Controller”), whether or not that Borrower is in operation as a public charter school during the periods during which the Deferral Amounts are paid. The obligation of each Borrower is a several and not a joint obligation and is strictly limited to each Borrower’s obligation to make the Loan Repayments under its Loan Agreement.

Pursuant to and to the extent described in the Indenture, the Authority assigns to the Trustee certain of the Authority’s rights under the Loan Agreements, including the right to receive Loan Repayments thereunder. The Loan Repayments will be intercepted by the Controller under the process described below and transferred to the Trustee for deposit into the Revenue Fund established under the Indenture (the “Revenue Fund”). Moneys on deposit in the Revenue Fund and investment proceeds thereon may only be used for the payment of the principal of and interest on the Notes and the reimbursement to the Banks of drawings made under their respective Letters of Credit. See “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES” herein. The Notes are not secured by a lien on any real property of the Borrowers or otherwise.

State Intercept Process. As additional security for the Notes, in connection with the issuance of the Notes, each Borrower will provide instructions to the Controller to intercept an amount from its Deferral Amounts equal to its Loan Repayments (each, an “Intercept”) for transfer to the Trustee in the amounts and on the dates provided in a written notice (each, an “Intercept Notice”) sufficient in the aggregate to repay the Notes and pay necessary and incidental costs of the ASAP Program. Funds received by the Trustee pursuant to the Intercepts will be held in trust and will be disbursed, allocated and applied solely to pay the principal of and interest on the Notes, as set forth in the Indenture. Under the laws of the State, none of the

Borrowers nor any of their respective creditors, will have a claim to the money apportioned or to be apportioned to the Trustee by the Controller pursuant to the Intercepts. See “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES – Indenture – State Controller Intercept Procedures” and “CERTAIN RISK FACTORS – Bankruptcy” below.

Reserve Account and Credit Enhancement Fee Fund. The Authority will deposit, at Closing, an amount equal to \$_____ (the “Grant-Funded Reserve Fund Deposit”) into a Reserve Account (the “Reserve Account”) established under the Indenture. The Grant-Funded Reserve Fund Deposit represents a portion of the grant received by the Authority (the “DOE Grant”) from the federal Department of Education (the “DOE”), provided for the purpose of enhancing the credit of obligations of State schools to provide facilities for enrolled students. Pursuant to a waiver request by the Authority, the DOE approved the use of a portion of the DOE Grant equal to the Grant-Funded Reserve Fund Deposit to be used as a reserve for the Borrowers who will use their Loan Amounts (as defined below) for facilities-related expenditures, *i.e.*, Borrowers whose Loan Agreements are funded with the proceeds of the Series A Notes (the “Series A Borrowers”). The Grant-Funded Reserve Fund Deposit secures the Loan Repayments of only the Series A Borrowers. The Authority will also deposit, at Closing, an amount equal to \$_____ (the “Credit Enhancement Fee Deposit”) into a Credit Enhancement Fee Fund (the “Credit Enhancement Fee Fund”) established under the Indenture, representing contributions from each of the Borrowers from the net proceeds of sale of the respective series of Notes. In the event of a shortfall in Loan Repayments to repay the Loan Amounts of Series A Borrowers, the Grant-Funded Reserve Fund Deposit will be drawn against prior to any drawing’s being made against the amounts in the Credit Enhancement Fee Fund. Amounts in the Credit Enhancement Fee Fund may be used as a reserve for any shortfall in the Revenue Fund, the Principal Account or the Interest Account therein for both Series A Borrowers and Borrowers who will use their Loans for any working capital (as defined in the Act) purposes (the “Series B Borrowers”), whose Loans are funded with the proceeds of the Series B Notes. The amounts on deposit in the Credit Enhancement Fee Fund are subject to release in whole or in part on or about July 29, 2021 (the “Release Date”), upon the satisfaction of certain conditions relating to the finality of the Deferral Amounts for the Borrowers. See “APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE.”

Letters of Credit. The Authority has entered into separate Reimbursement Agreements for each series of Notes (each, a “Reimbursement Agreement”) with each of Citibank (“Citibank”), and Royal Bank of Canada (“RBC”) under which Citibank and RBC, respectively, have agreed to issue their irrevocable direct-pay letters of credit to secure various series of the Notes. The Citibank Letters of Credit will be issued in the Stated Amount of \$_____, calculated as sufficient to pay the maturing principal of and accrued interest on the Series A-1 Notes and \$_____, calculated as sufficient to pay the maturing principal of and accrued interest on the Series B-1 Notes, respectively, on their Maturity Date. The RBC Letters of Credit will be issued in the Stated Amount of \$_____, calculated as sufficient to pay the maturing principal of and accrued interest on the Series A-2 Notes and \$_____, calculated as sufficient to pay the maturing principal of and accrued interest on the Series B-2 Notes, respectively, on their Maturity Date. See “LETTERS OF CREDIT,” “CITIBANK” and “ROYAL BANK OF CANADA” herein.

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 Loan Repayments and amounts on deposit in the Reserve Fund established under the Indenture for the payment of the principal of or interest on the Notes. See “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES” herein.

Certain Risk Factors

Prospective purchasers of the Notes should read this entire Official Statement, including the appendices and the information under the caption “CERTAIN RISK FACTORS” before making an investment in the Notes.

The outbreak of a strain of coronavirus (“COVID-19”), a respiratory tract illness first identified in Wuhan, China, in late 2019, has spread to numerous countries across the globe, including the United States. The COVID-19 pandemic has resulted in substantial economic disruption and may result in future disruption in the State. For information related to the effects of the outbreak of COVID-19 on charter schools in the State, see “CERTAIN RISK FACTORS – COVID-19 Pandemic.” For information on the impacts to the State’s General Fund due to the COVID-19 pandemic, see ‘RECENT DEVELOPMENT – COVID-19’ in APPENDIX A.

Miscellaneous

This Official Statement contains brief descriptions of, among other things, the Notes, the Indenture, the Loan Agreements and the Borrowers. All references in this Official Statement to documents are qualified in their entirety by reference to such documents, and references to the Notes are qualified in their entirety by reference to the form of the Notes included in the Indenture. Any capitalized terms in this Official Statement that are not defined herein will have such meaning as given to them in the Indenture.

THE ASAP PROGRAM

The State is the largest source of funding available to local educational agencies in the State (each, an “LEA”) each year. Entities such as the Borrowers, which operate public charter schools are considered LEAs. Prior to approving its budget for each fiscal year, the Governor of the State (the “Governor”) proposes an annual budget by January 10 for such 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 LEA and drawn against the State Treasury during the upcoming fiscal year. Those amounts designated for payment to the 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, LEAs are entitled to a minimum funding guarantee by the State, calculated each year, and enjoy a funding priority for their principal apportionments pursuant to that minimum funding guarantee from the State (“State Aid Subject to Apportionment”). Due to the revenue constraints of the Budget Act of 2020 (the “2020 Budget Act”), portions of the principal apportionments that would normally be or have been distributed to LEAs during the months of February through and including June 2021 (the “Deferral Amounts”) have been deferred to months occurring during Fiscal Year 2021-22. 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 Borrowers for temporary borrowing of working capital. Each Borrower is pledging its Deferral Amounts as security for the Loan Repayments due under its Loan Agreement. Through the issuance of the Notes, secured by each Borrower’s pledge of its Deferral Amounts, the Authority is providing the Borrowers access to their Deferral Amounts during Fiscal Year 2020-21. **Potential investors should consider the Deferral Amounts and amounts on deposit in certain funds established under the Indenture for the payment of the principal of and interest on the Notes as the sole sources of payment of the Notes. No information is provided herein as to the operations or financial condition of any individual Borrower.**

In order to ameliorate the effects of the above-described deferrals on public charter schools (each, a “Charter School”), the Authority has created the ASAP Program, under which Borrowers may borrow an amount not exceeding the Deferral Amounts of the Charter Schools they operate from the proceeds of the Notes (the “Note Proceeds”) issued by the Authority under the Indenture. Each Borrower will enter into a Loan Agreement with respect to those Charter Schools it operates, under which they will be obligated to pay Loan Repayments which, in the aggregate, will be used to pay the principal of and interest on the Notes. **No Borrower has any obligation to pay the Loan Repayments of any other Borrower.** An amount for each Borrower representing its Loan Repayments will, pursuant to the Intercept process described in detail under “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES – Controller Intercept Procedures,” be intercepted from the Deferral Amounts by the Controller and transferred directly to the Trustee for deposit into the Revenue Fund (the “Funds Subject to Intercept”). Each Borrower’s Deferral Amounts are appropriated and due to be paid by the State to each Borrower in various amounts from July through and including November 2021, provided that such Borrower remains in operation through June 30, 2021. See the tables under “THE BORROWERS” below.

On the date of issuance of the Notes (the “Closing Date”), pursuant to the Indenture, the following transactions shall occur simultaneously: (a) the Authority and the Borrowers will execute and deliver the Loan Agreements and the Authority will assign the Loan Repayments to the Trustee; (b) the Authority shall issue the Notes in authorized denominations and the Trustee will cause the Notes to be registered in the name of the nominee of DTC for the benefit of the beneficial owners of interests in the Notes described herein (the “Beneficial Owners”); and (c) in exchange for the purchase price therefor, the Authority will deliver the Notes to, or upon the order of, RBC Capital Markets, LLC and Citigroup (collectively, the “Underwriters”), pursuant to the terms of a Purchase Contract by and among the Treasurer of the State of California (the “State Treasurer”), the Authority, RBC Capital Markets and Citigroup Global Markets. On the Closing Date, the Authority and the Banks will enter into the several Reimbursement Agreements and the Banks will issue their Letters of Credit

The amount provided to each Borrower under its Loan Agreement (each, a “Loan Amount”) shall be derived solely from the proceeds of sale of one or more series of Notes (“Note Proceeds”), which will be issued an amount equal to all the Loan Amounts established under all the Loan Agreements being funded from that series of Notes. Intercepted apportionments paid by the Controller on behalf of the Borrowers shall be remitted to the Trustee and held in the Revenue Fund established under the Indenture until the Maturity Date of the Notes. The Notes are held in the DTC book-entry system until paid at maturity. See “THE NOTES – Book-Entry Only System” and APPENDIX E. The Trustee agrees to hold the Revenue Fund for the benefit of the Beneficial Owners and the Banks. 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 under the terms of the Notes. See “SOURCES AND USES OF FUNDS -- Indenture – Escrow Account” herein.

At Closing, the Trustee will distribute from net Note Proceeds of the applicable series [an amount equal to][a portion of] the Loan Amount established for each Borrower, less [funds representing unearned Deferral Amounts and] the portion of the Loan Amount representing the P-2 Apportionment (as defined herein), if any, to that Borrower for deposit into its General Fund, pursuant to individual requisitions. [Based on certifications received from the Borrowers, additional portions of the Loan Amounts will be released by the Trustee pursuant to additional requisitions.] The remainder of net Note Proceeds will be deposited into an Escrow Account and held until the Escrow Release Date. See “THE INDENTURE – Working Capital Fund and Escrow Account” herein.

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 make the loans contemplated by the Loan Agreements and to secure the Notes by a pledge of the Loan Repayments and certain other funds and accounts as provided in the Indenture. Pursuant to the Act, borrowers in transactions in which the Authority issues obligations, such as the Notes, for the benefit of the borrowers, have the option to request the State Controller to intercept borrower revenues to fund debt service payments on such obligations. See “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES – State Controller Intercept Procedures” below.

THE AUTHORITY IS NOT OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THE NOTES, EXCEPT FROM THE LOAN REPAYMENTS AND THE FUNDS PROVIDED THEREFOR UNDER THE INDENTURE. THE AUTHORITY HAS NO TAXING POWER.

THE NOTES

The following is a summary of certain provisions of the Notes. Reference is made to the Notes for the complete text thereof and to the Indenture for all of the provisions relating to the Notes. The discussion herein is qualified by such reference. This discussion applies equally to all series of Notes, unless otherwise indicated.

General

The Notes are being issued pursuant to the Indenture in the aggregate principal amount set forth on the cover of this Official Statement. The Notes will initially be delivered as registered Notes in authorized denominations of \$5,000 and any integral multiple of \$5,000 in excess thereof (“Authorized Denominations”), and will be transferable and exchangeable as set forth in the Indenture and as described herein. The Notes will be dated their date of issuance and will bear interest at the rate of ___% per annum from their dated date until December 30, 2021 (the “Maturity Date”). Interest on the Notes will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable on the Maturity Date.

The Notes, when issued, will be registered in the name of Cede & Co., as nominee of DTC, and will be evidenced by one Note in the total aggregate principal amount for each Series of the Notes. Registered ownership of the Notes, or any portion thereof, may not thereafter be transferred except as set forth in the Indenture. So long as Cede & Co. is the registered owner of the Notes, as nominee of DTC, references herein to the Noteholders, holders or registered owners will mean Cede & Co. as aforesaid and will not mean the “beneficial owners” of the Notes.

The principal of and interest on the Notes will be payable in lawful money of the United States of America on the Maturity Date to the registered owner at his or her address as it appears on such registration books. So long as Cede & Co. is the registered owner of the Notes, principal of and interest on the Notes are payable in same day funds by the Trustee to Cede & Co., as nominee for DTC.

Book-Entry Only 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 each series of the Notes and will be deposited with DTC. For additional

information regarding DTC and its book-entry only system, see “APPENDIX E – BOOK-ENTRY SYSTEM” herein.

Transfer of Notes

Any Note may be transferred upon the books kept by the Trustee, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of any such Note for cancellation, accompanied by delivery of a written instrument of transfer. Whenever any Note or Notes shall be surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver a new Note or Notes for a like aggregate principal amount of Notes in Authorized Denominations. The Trustee will require the Holder requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Exchange of Notes

Notes may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of the Notes of other Authorized Denominations. The Trustee will require the payment by the Holder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange, and there will be no other charge to any Holder for any such exchange.

Prepayment

The Notes are not subject to prepayment prior to the Maturity Date.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds related to the Notes.

	Series A-1 Notes	Series A-2 Notes	Series B-1 Notes	Series B-2 Notes
<i>Sources:</i>				
Note Principal	\$	\$	\$	\$
Original Issue [Premium/Discount]				
DOE Grant				
Total Sources	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<i>Uses:</i>				
Deposit to Working Capital Fund	\$	\$	\$	\$
Deposit to Reserve Account				
Deposit to Credit Fee Enhancement Fund				
Deposit to Escrow Fund				
Deposit to Revenue Fund ⁽¹⁾				
Costs of Issuance ⁽²⁾				
Total Uses	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

⁽¹⁾ Includes capitalized interest through the Maturity Date.

⁽²⁾ Includes legal, printing, underwriting discount and other professional fees and other miscellaneous costs of issuance.

FINANCIAL CONDITION OF THE STATE OF CALIFORNIA

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 SOURCES OF PAYMENT FOR THE NOTES

Limited Obligations of the Authority

The Notes and the interest thereon constitute special, limited obligations of the Authority and are payable solely from certain revenues received under the Indenture and from certain funds and accounts established and maintained under the Indenture. The Authority is not obligated to advance any moneys derived from any source other than the Loan Repayments and other assets pledged under the Indenture, whether for the payment of the principal of or the interest on the Notes.

THE NOTES ARE NOT AND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY, 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 LOAN REPAYMENTS AND THE FUNDS PROVIDED THEREFOR UNDER THE INDENTURE. NEITHER THE STATE NOR THE AUTHORITY SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR THE INTEREST THEREON, 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. NOTHING IN THE INDENTURE, THE ACT OR OTHERWISE CONSTITUTES AN UNDERTAKING BY THE AUTHORITY OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO FUND THE TRANSFERS DESCRIBED IN THE INTERCEPT NOTICES OR TO MAKE FUNDS AVAILABLE TO THE BORROWERS IN ANY AMOUNT OR AT ANY TIME.

General. The Notes are secured by the Borrower's Loan Repayments and their pledge of their Deferral Amounts related to Fiscal Year 2020-21.

Pursuant to Proposition 98, 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 further discussed under "THE ASAP PROGRAM" above, due to budgetary challenges faced by the State during Fiscal Year 2020-21, a portion of apportionments that would normally be distributed to LEAs during the months of February through June 2021 have been deferred by law to months occurring during Fiscal Year 2021-22. 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 Borrowers for temporary borrowing for working capital (as defined in the Act). Through the issuance of the Notes, secured by each Borrower's pledge of its Deferral Amounts, and the intercept procedures of the Controller described below, the State is providing the Borrowers access to their Deferral Amounts during Fiscal Year 2020-21 prior to the dates on which the Deferral Amounts are scheduled to be paid.

Pledged Revenues, Principal Apportionments, Deferrals and Warrants

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 the State Superintendent of Public Instruction. The provisions of the Education Code prescribing the methods of apportionments to LEAs are found at Section 41330 *et seq.*

Scheduled Deferrals for 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 principal apportionments 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 schedule:

<u>Month</u>	<u>Amount of Deferred Apportionment</u>	<u>Month Scheduled Deferrals to Be Paid</u>
February 2021	\$1,540,303,000	November 2021
March 2021	2,375,308,000	October 2021
April 2021	2,375,308,000	September 2021
May 2021	2,375,308,000	August 2021
June 2021	4,230,000,000/balance	July 2021

The Scheduled Deferrals will be paid by the issuance of State warrants during the months of July through and including November 2021 or from State moneys on hand in those months and made available to the Controller. The State warrants were appropriated as part of the 2020 Budget Act. As described in more detail under “—State Controller Intercept Procedures” below, the Controller will transfer to the Trustee the designated portion of each Scheduled Deferral on behalf of each of the Borrowers during each month shown in the above table, for credit to the Revenue Fund. **Under the provisions of the 2020 Budget Act, so long as a Charter School remains in operation through the end of the fiscal year, *i.e.*, June 30, 2021, it is and will remain entitled to all of its Scheduled Deferrals. If a Charter School is open for full calendar months of Fiscal Year 2020-21, it will be entitled to the Scheduled Deferrals related to those months; if a Charter School is open for a part of a calendar month, it may be entitled only to a portion of the Deferral Amount for that calendar month. If a Charter School closes during any of the calendar months from April through and including June 2021, it will not be entitled to the Deferral Amount for that calendar month or months.** See “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES – State Controller Intercept Procedures” below and “CERTAIN RISK FACTORS.”

Scheduled Deferrals are not subject to change, except by specific action taken by the Legislature of the State (the “Legislature”) and approved by the Governor prior to the dates of the Scheduled Deferrals. 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 Borrowers to ensure timely and full payment of the Loan Repayments. 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 Loan Repayments and, thus, the Notes. See “-State Controller Intercept Procedures” below and “CERTAIN RISK FACTORS” herein for more discussion of the ability of the Legislature to take such actions.

While LEAs are funded by the State based in part on their attendance statistics, the 2020 Budget Act included provisions stabilizing K-12 school funding at levels corresponding to the 2019-20 fiscal year levels. See “STATE FUNDING OF EDUCATION” herein.

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. As of the date hereof, No Borrowers have been granted such a waiver.

Deferrals Made in Prior Fiscal Years. 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 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 charter schools could borrow from the net proceeds of short-term notes issued by the Authority to provide working capital during the deferral periods, with an election to fund the debt service on such notes via the Controller’s Intercept procedures as described herein.

State Controller Intercept Procedures

Pursuant to Section 17199.4 of the Act, as amended by Senate Bill 820, LEAs that finance capital improvements or working capital, including the Borrowers, may request in writing that the Controller intercept their State apportionments for the purpose of securing their obligations to the Authority under their financing documents, such as the Loan Agreements. On or before the date of delivery of the Notes, each Borrower, pursuant to the terms of its Loan Agreement, will execute and deliver to the Controller an Intercept Notice with respect to each of its Charter Schools, pursuant to which the Borrower will elect to provide for the funding of its Loan Repayments. The Loan Repayment amounts for each Borrower and the periods during which those amounts are due (each, a “Repayment Period”) are set forth under the caption, “THE BORROWERS – Repayment Schedules” herein. The Loan Repayments due from each Borrower are equal to or less than that Borrower’s Deferral Amounts. Each Intercept Notice will request that the Controller, upon receipt of that Borrower’s monthly apportionment from the State, intercept an amount equal to the Loan Repayment due during that Repayment Period and transfer that amount (the “Funds Subject to Intercept”) to the Trustee for deposit into the Revenue Fund. On the date of delivery of the Notes, the California Department of Education (the “CDE”) will provide a schedule of Deferral Amounts to the Controller with respect to the Borrowers. Pursuant to the terms of that certain Memorandum of Understanding (the “MOU”), by and among the Authority, the Controller and the CDE, if the amount of a Borrower’s State Aid Subject to Apportionment in any given Repayment Period does not equal or exceed that Borrower’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 Borrower of the deficiency. The Controller will add the amount of the deficiency to each succeeding Repayment Period, if necessary, until the full amount of the Funds Subject to Intercept required under that Borrower’s Intercept Notice and Schedule has been deposited into the Revenue Fund. Pursuant to State law, the Deferral Amounts vest and will be paid to each Charter School operated by a Borrower for each calendar month following the date of issuance of the Notes through and including June 30, 2021 (each, a “Vested Deferral Amount”), so long as that Charter School continues in operation through the end of that calendar month.

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 in the amount and time of Apportionment Deferrals to advance or further defer the dates on which the Deferral Amounts are to be paid by the State could vary from those included in the schedule of Deferral Amounts in effect on the date of issuance of the Notes. Additionally, in the event that a Charter School should cease operations prior to June 30, 2021, it would lose its

entitlement to Deferral Amounts attributed to each month in which it failed to operate, and the CDE would revise its calculations to reflect that the Charter School was entitled only to its Vested Deferral Amounts. In each such event, the CDE would expect to establish revised schedules of Deferral Amounts attributable to each affected Borrower promptly after a Change in State Law.

If the effect of a Change in State Law is to reduce any Deferral Amounts due to be paid to the Borrowers, so that a greater percentage of the apportionments payable in due course to the Borrowers during any of the Repayment Periods is in fact paid during the Deferral Months (each, a “Restored Apportionment”), the Borrowers 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 Borrowers, then the Authority, on behalf of the Borrowers, will provide the Controller with revised Schedules to the Intercept Notices 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 the revised Repayment Periods.

The Controller has covenanted under the MOU to intercept and transfer to the Trustee the Funds Subject to Intercept as described above.

Assignment of Loan Repayments and Other Amounts, Loan Agreements

The Authority assigns to the Trustee, for the benefit of the Noteholders and the Letter of Credit Banks, (i) all of the Payments (except any money received and to be used for the payment of Administrative Fees and Expenses, as defined under the Indenture) and other amounts (including Note Proceeds) held in any fund or account established under the Indenture and all of the right title and interest of the Authority in, to and under the Loan Agreements (except for Retained Rights, as defined in the Indenture), for the benefit of the holders of the Notes and the payment of amounts owing under the Reimbursement Agreements. The Authority authorizes the Trustee to enforce the terms of the Loan Agreement and of the MOU.

The Trustee will be entitled to and will receive all of the Loan Repayments, and any Loan Repayments collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be transferred by the Authority to the Trustee. The Trustee will be entitled to and will (subject to the provisions of the Indenture) take all steps, actions and proceedings following any event of default under the respective Loan Agreement reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority assigned to the Trustee and all of the obligations of the Borrowers under their respective Loan Agreements.

Indenture

General. The Indenture establishes the terms of the Notes and the method by which they will be repaid. On the Closing Date, the Letters of Credit will be issue and deposited with the Trustee, and the Authority’s rights (excepting Retained Rights, as defined in the Indenture) under the Loan Agreements and the MOU will be assigned to the Trustee. See APPENDIX C -- SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE.”

Revenue Fund. The Trustee will establish, maintain and hold in trust a special fund designated as the “Revenue Fund.” Note proceeds representing capitalized interest received by the Trustee at closing and all Payments (as defined in the Indenture) will be promptly deposited by the Trustee upon receipt thereof into the Revenue Fund, and will be held in trust for the benefit of the Noteholders and the Banks and will be invested, disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture.

Reserve Account and Credit Enhancement Fee Fund. The Trustee will establish, maintain and hold in trust a special fund designated as the “Reserve Fund,” and within the Reserve Fund, a “Grant-Funded Reserve Account” (the “Reserve Account”). All amounts in the Reserve Account will be used and withdrawn by the Trustee solely for the purpose of making up any deficiency of the Series A Borrowers in the Revenue Fund or (together with any other funds available) for the payment of Outstanding Series A Notes on the Maturity Date. The amounts on deposit in the Credit Enhancement Fee Fund will be used and withdrawn by the Trustee solely for the purpose of making up any deficiency in the moneys deposited into the Revenue Fund for any Borrower, or (together with any other funds available) for the payment of Outstanding Notes on the Maturity Date. Amounts on deposit in the Credit Enhancement Fee Fund are subject to release to individual Borrowers upon the delivery of certain conditions set forth in the Indenture based on the amounts contributed by such Borrowers to the Credit Enhancement Fee Fund at Closing.

Working Capital Fund/Escrow Account. The Trustee will establish a separate fund designated as the “Working Capital Fund.” At Closing, a portion of the net Note Proceeds will be deposited into the Working Capital Fund and then disbursed to or upon the requisition of each of the Borrowers, subject to their satisfaction of certain conditions, including a certification that such Borrowers are then continuing to operate one or more Charter Schools. The amount available to each Borrower is net of the portion of that Borrower’s Loan Amount deposited into the Escrow Account within the Working Capital Fund. See “— Escrow Account” below. Following the Closing Date, and prior to disbursing additional funds from the Working Capital Fund, the Trustee will determine, with respect to each Borrower, the difference between: (a) the amount then on deposit in the Revenue Fund allocable to that Borrower, plus the amount of Payments due from that Borrower after the date of calculation through the Maturity Date, by virtue of the Intercept Notice and Schedule for such Borrower; and (b) the amount of such Borrower’s Revenue Fund Requirement (as defined in the Indenture) (the “Net Requisition Amount”). The Trustee will transfer the Net Requisition Amount to that Borrower, so long as (i) no Event of Default has occurred under that Borrower’s Loan Agreement, (ii) the Borrower’s representations and warranties under its Loan Agreement remain true and correct, (iii) none of the Borrower’s Charter Schools is subject to charter renewal prior to June 30, 2022; (iv) except as otherwise provided in clause (v) below, the amount requested in the Requisition does not exceed the scheduled amount shown on Exhibit D to the Loan Agreement; (v) with regard to the requisition of amounts for a Borrower with respect to the month of June 2021, the amount requested shall be no more than the lesser of (A) the amount set forth in Exhibit D for such Borrower in the month of June 2021 and (B) the amount of the Deferral Amount specified for such Borrower subject to the Intercept in the P-2 Apportionment (as defined below), but, in each case, less any amount required to be transferred to the Revenue Fund; (vi) satisfaction of the requirements for such Requisition set forth in the related Reimbursement Agreement; and (vii) satisfactory evidence that each of the Borrower’s Charter Schools remains in operation through the last day of the calendar month with respect to the Deferral Amount which is the basis for such Requisition, so that the Borrower remains eligible to receive such Deferral Amount from the State.

The Trustee will establish, maintain and hold in trust a special fund within the Working Capital Fund designated as the “Escrow Account.” The Deferral Amounts related to the second reporting period of the 2020-21 Fiscal Year (the “P-2 Apportionment”) will not be finalized by the CDE until a date in July 2021. Certain Borrowers have included their individual estimated June Deferral Amounts (each, an “Estimated June Deferral Amount”) as of the date of this Official Statement in their respective Loan Amounts. The portion of the Loan Amount that reflects the Estimated June Deferral Amount for the related

Borrower will be sequestered into the Escrow Account and released pursuant to a Requisition as described in clause (v) under the preceding paragraph. The amounts on deposit in the Escrow Account will be invested by the Trustee in the investments described under “Investment of Funds” in APPENDIX C – ‘SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE INDENTURE’ until the date (the “Escrow Release Date”) on which CDE finalizes the June Deferral Amount (the “Final June Deferral Amount”).

Promptly following the Escrow Release Date, the Authority will provide the Trustee with instructions indicating the amount on deposit in the Escrow Account that may then be transferred to the individual Borrowers (the “Released Escrow Amount”). The Released Escrow Amount will be the Estimated June Deferral Amount allocable to a Borrower then on deposit in the Escrow Account or, if the final June Deferral Amount for a Borrower is less than the Estimated June Deferral Amount, the Released Escrow Amount will be the Final June Deferral Amount for that Borrower. Any amounts remaining in the Working Capital Fund or the Escrow Account on July 29, 2021, shall be transferred to the Revenue Fund to be applied on the Maturity Date to the payment of principal of the Notes, to reimburse the Banks for amounts drawn under the Letters or Credit to pay such principal and to pay any other amounts owing under the Reimbursement Agreements. Upon repayment of the Notes in full and payment of all amounts owing under the Reimbursement Agreements, the Working Capital Fund and the Escrow Account will be closed.

Loan Agreements

General. Each Loan Agreement establishes the obligation of the related Borrower to repay its Loan Amount by paying designated Loan Repayments according to a schedule devised to correspond with the periods during which the Deferral Amounts will be available to the Controller (each, a “Repayment Period”). Each Borrower has made certain representations and covenants to the Authority under its Loan Agreement, including the following. See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE LOAN AGREEMENTS.”

Representations and Warranties of the Borrowers. Each Borrower represents, warrants and agrees in its Loan Agreement, among other things, that:

- The Borrower is an organization described in Section 501(c)(3) of the Code and is exempt from federal income tax under Section 501(a) of the Code, except for unrelated business taxable income under Section 511 of the Code, and is not a private foundation as described in Section 509(a) of the Code;
- The Borrower is a “participating party” under the Act;
- The proceeds of the Loan will be used by the Borrower solely to satisfy one or more of its charitable purposes;
- As to each Borrower whose Loan is funded with the proceeds of sale of either the Series A-1 Notes or the Series A-2 Notes, the Borrower will use the proceeds of its Loan for facilities expenditures;
- The Borrower has made and will continue to make all required contributions to all of its employee benefit plans, if any, and to the California State Teachers Retirement System;
- The amount of the Borrower’s Loan does not exceed 85 percent of the estimated amount of income, revenue, cash receipts and other funds available to be received by the Borrower as to charter schools operated by that Borrower and participating in the ASAP Program during the term of the Loan;

- The Borrower reasonably believes that the Deferral Amounts attributable to the charter schools operated by that Borrower will be sufficient (without the need for any other borrowing) to pay the principal of and interest on the Notes of the Series whose proceeds funded that Borrower’s Loan;
- * None of the Borrower’s Charter Schools participating in the ASAP Program is subject to renewal of its charter on or before June 30, 2021, and the Borrower expects all of its Charter Schools to be operating and in good standing with its charter authorizer through at least the Maturity Date;
- The Borrower has properly submitted to the Controller an Intercept Notice and Schedule in accordance with Section 17199.4 of the Act, substantially in the forms appended to the MOU;
- Other than as disclosed to the Authority and expressly subordinated to its obligations under the Loan Agreement, the Borrower has no contingent liabilities or obligations payable from the Deferral Amounts other than its Loan Repayments;
- The Borrower has no Senior Loans, as defined in the MOU and the Borrower has not previously filed any intercept notices directing the application of State Aid Subject to Apportionment to the payment of any indebtedness or obligation of the Borrower in effect as of the Closing Date; and
- The Borrower has taken all steps necessary under applicable law to qualify for the receipt of State Aid Subject to Apportionment, including the Deferral Amounts, and is eligible to receive the Deferral Amounts described in its Intercept Notice and Schedule.

Limitations on Additional Indebtedness. Under the Loan Agreements, each Borrower also covenants and agrees that it will not incur any additional indebtedness payable from its unrestricted revenues attributed to Fiscal Year 2020-21 between the date of issuance of the Notes until their Maturity Date.

See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – LOAN AGREEMENTS” for more details concerning the Loan Agreements.

LETTERS OF CREDIT AND REIMBURSEMENT AGREEMENTS

The following summarizes certain provisions of the Letters of Credit and the Reimbursement Agreements. This summary is not a complete description or restatement of the material provisions of the Letters of Credit or the Reimbursement Agreements. Together, the banks issuing the Letters of Credit are sometimes referred to herein as the “Letter of Credit Banks.”

Capitalized terms used in this section and not otherwise defined shall have the meanings given to such terms in the Letters of Credit or Reimbursement Agreements.

Series A-1 and Series B-1 Letters of Credit. The Citibank Letters of Credit are being issued by Citibank pursuant to the terms of the Citibank Reimbursement Agreements. Each Citibank Letter of Credit is an irrevocable direct-pay obligation of Citibank and will be issued in an amount equal to the aggregate outstanding principal amount of the Series A-1 Notes or the Series B-1 Notes, as appropriate, plus ___ days’ interest thereon, calculated at the rate applicable to such Notes. The Trustee, upon compliance with the terms of the respective Citibank Letter of Credit, is authorized to draw on the/such Citibank Letter of Credit to pay principal of and accrued interest on the Series A-1 Notes or the Series B-1 Notes, as appropriate, on their Maturity Date.

The Citibank Letters of Credit will terminate on the earlier of: December 30, 2021, or the date which is one Business Day following receipt by Citibank of a certificate certifying the payment in full of the related series of Notes (the “Termination Date”).

The Drawings under the Citibank Letters of Credit will be paid with Citibank’s own funds. The obligation of Citibank to honor a Drawing under the Citibank Letters of Credit is subject to the conditions precedent that Citibank receive (or, in the sole discretion of Citibank, waive the receipt of) a Drawing certificate in conformity with the Citibank Letters of Credit and that the Termination Date has not occurred. Upon receipt of such Drawing certificate, Citibank will transfer to the Trustee, in immediately available funds, the amount stated in the Drawing in accordance with the terms of the respective Citibank Letter of Credit. Following the application of the proceeds of a Drawing under a Citibank Letter of Credit to the payment of the related series of Notes, the Trustee will reimburse Citibank from amounts on deposit in the Revenue Fund.

Series A-2 and Series B-2 Letters of Credit. The RBC Letters of Credit are being issued by Royal Bank of Canada pursuant to the terms of the RBC Reimbursement Agreements. Each RBC Letter of Credit is an irrevocable direct-pay obligation of Citibank and will be issued in an amount equal to the outstanding principal amount of the Series A-2 Notes or the Series B-2 Notes, as appropriate, plus ___ days’ interest thereon, calculated at the rate applicable to such Notes. The Trustee, upon compliance with the terms of the respective RBC Letters of Credit, is authorized to draw on such RBC Letter of Credit to pay principal of and accrued interest on the Series A-2 Notes or the Series B-2 Notes, as appropriate, on their Maturity Date.

The RBC Letters of Credit will expire on the earlier of: December 30, 2021, or the date which is one Business Day following receipt by RBC of a certificate certifying the payment in full of the related series of Notes.

The Drawings under the RBC Letters of Credit will be paid with RBC’s own funds. The obligation of RBC to honor a Drawing under the RBC Letters of Credit is subject to the conditions precedent that RBC receive (or, in the sole discretion of RBC, waive the receipt of) a Drawing certificate in conformity with the RBC Letter of Credits and that the Termination Date has not occurred. Upon receipt of such Drawing certificate, RBC will transfer to the Trustee, in immediately available funds, the amount stated in the Drawing in accordance with the terms of the respective RBC Letter of Credit. Following the application of the proceeds of a Drawing under an RBC Letter of Credit to the payment of the related series of Notes, the Trustee will reimburse RBC from amounts on deposit in the Revenue Fund.

[Add discussion of terms of Reimbursement Agreements?]

CITIBANK

The following information concerning Citibank has been provided solely by Citibank and is believed to be reliable. This information has not been independently confirmed or verified by the Authority. The Authority makes no representation herein as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information given below or incorporated herein by reference is correct as of any time subsequent to its date.

The information under this caption, “CITIBANK,” relates to and has been obtained from Citibank. The information concerning Citibank contained herein is furnished solely to provide limited introductory

information regarding Citibank and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referred to be low.

Citibank was originally organized on June 16, 1812, and now is a national banking association organized under the National Bank Act of 1864. Citibank is an indirect wholly owned subsidiary of Citigroup Inc. (“Citigroup”), a Delaware holding company.

The long-term ratings of Citibank and its consolidated subsidiaries are as follows:

<u>Rating Agency</u>	<u>Long-Term</u>	<u>Short-Term</u>	<u>Outlook</u>
Moody’s	Aa3	P-1	Stable
S&P	A+	A-1	Stable
Fitch	A+	F1	Negative

Citibank is a commercial bank that, along with its subsidiaries and affiliates, offers a wide range of banking and trust services to its customers throughout the United States and the world. As a national bank, Citibank is a regulated entity permitted to engage only in banking and activities incidental to banking. Citibank is primarily regulated by the Office of the Comptroller of the Currency (the “Comptroller”), which also examines its loan portfolios and reviews the sufficiency of its allowance for credit losses.

Citibank’s deposits at its U.S. branches are insured by the Federal Deposit Insurance Corporation (the “FDIC”) and are subject to FDIC insurance assessments. The Letter of Credit is not insured by the FDIC or any other regulatory agency of the United States or any other jurisdiction. Citibank may, under certain circumstances, be obligated for the liabilities of its affiliates that are FDIC-insured depository institutions.

Under U.S. law, deposits in U.S. offices and certain claims for administrative expenses and employee compensation against a U.S. insured depository institution which has failed will be afforded a priority over other general unsecured claims, including deposits in non-U.S. offices and claims under non-depository contracts in all offices, against such an institution in the “liquidation or other resolution” of such an institution by any receiver. Such priority creditors (including the FDIC, as the subrogee of insured depositors) of such FDIC-insured depository institution will be entitled to priority over unsecured creditors in the event of a “liquidation or other resolution” of such institution.

For further information regarding Citibank, reference is made to the Annual Report on Form 10-K of Citigroup and its subsidiaries for the year ended December 31, 2019, filed by Citigroup with the Securities and Exchange Commission (the “SEC”). Copies of Citigroup’s 10-K may be obtained, upon payment of a duplicating fee, by writing to the SEC at 100 F Street, N.E., Washington, D.C. 20549. In addition, Citigroup’s 10-K is available at the SEC’s web site (<http://www.sec.gov>).

In addition, Citibank submits quarterly to the Comptroller certain reports called “Consolidated Reports of Condition and Income for a Bank With Domestic and Foreign Offices” (“Call Reports”). The Call Reports are on file with, and publicly available at, the Comptroller’s offices at 250 E Street, SW, Washington, D.C. 20219 and are also available on the web site of the FDIC (<http://www.fdic.gov>). Each Call Report consists of a Balance Sheet, Income Statement, Changes in Equity Capital and other supporting schedules at the end of and for the period to which the report relates.

Any of the reports referenced above are available upon request without charge from Citi Document Services by calling toll-free at (877) 936-2737 (outside the United States at (716) 730-8055), by e-mailing

a request to docservice@citi.com or by writing to: Citi Document Services, 540 Crosspoint Parkway, Getzville, New York 14068.

ROYAL BANK OF CANADA

Royal Bank of Canada (referred to in this section as “Royal Bank”) is a Schedule I bank under the *Bank Act* (Canada), which constitutes its charter and governs its operations. Royal Bank’s corporate headquarters are located at Royal Bank Plaza, 200 Bay Street, Toronto, Ontario, M5J 2J5, Canada, and its head office is located at 1 Place Ville Marie, Montreal, Quebec, H3B 3A9, Canada. Royal Bank is the parent company of RBC Capital Markets, LLC, one of the Underwriters of the Notes.

Royal Bank is a global financial institution with a purpose-driven, principles-led approach to delivering leading performance. Our success comes from the 86,000+ employees who leverage their imaginations and insights to bring our vision, values and strategy to life so we can help our clients thrive and communities prosper. As Canada’s biggest bank, and one of the largest in the world based on market capitalization, we have a diversified business model with a focus on innovation and providing exceptional experiences to our 17 million clients in Canada, the U.S. and 34 other countries.

Royal Bank had, on a consolidated basis, as at October 31, 2020, total assets of C\$1,624.5 billion (approximately US\$1,220.0 billion¹), equity attributable to shareholders of C\$86.6 billion (approximately US\$65.0 billion¹) and total deposits of C\$1,011.8 billion (approximately US\$759.9 billion¹). The foregoing figures were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been extracted and derived from, and are qualified by reference to, Royal Bank’s audited Consolidated Financial Statements included in Royal Bank’s Annual Report for the fiscal year ended October 31, 2020.

The senior long-term debt² of Royal Bank has been assigned ratings of A (stable outlook) by S&P Global Ratings, A2 (stable outlook) by Moody’s Investors Service and AA (negative outlook) by Fitch Ratings. The legacy senior long-term debt³ of Royal Bank has been assigned ratings of AA- by S&P Global Ratings, Aa2 by Moody’s Investors Service and AA+ by Fitch Ratings. Royal Bank’s common shares are listed on the Toronto Stock Exchange, the New York Stock Exchange and the Swiss Exchange under the trading symbol “RY.” Its preferred shares are listed on the Toronto Stock Exchange.

On written request, and without charge, Royal Bank will provide a copy of its most recent publicly filed Annual Report on Form 40-F, which includes audited Consolidated Financial Statements, to any person to whom this Official Statement is delivered. Requests for such copies should be directed to Investor Relations, Royal Bank of Canada, by writing to 200 Bay Street, South Tower, Toronto, Ontario, M5J 2J5, Canada, or by calling (416) 955-7802, or by visiting rbc.com/investorrelations⁴.

The delivery of this Official Statement does not imply that there has been no change in the affairs of Royal Bank since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

¹ As at October 31, 2020: C\$1.00 = US\$0.751.

² Includes senior long-term debt issued on or after September 23, 2018, which is subject to conversion under the Canadian Bank Recapitalization (Bail-in) regime.

³ Includes senior long-term debt issued prior to September 23, 2018, and senior long-term debt issued on or after September 23, 2018, which is excluded from the Bail-in regime.

⁴ This website URL is an inactive textual reference only, and none of the information on the website is incorporated in this Official Statement.

THE BORROWERS

Each of the Borrowers is a California public charter school or an operator of Charter Schools, established and operating under California law and is an entity described in Section 501(c)(3) of the Internal Revenue Code (the “Code”). Pursuant to resolutions adopted by the governing board of each Borrower, that Borrower has agreed to enter into its Loan Agreement in order to participate in the Authority’s ASAP Program described herein. The following tables list the Borrowers, the counties in which they are operating, their Loan Amounts and the percentage of the aggregate principal amount of the Notes of the related series that each Borrower’s Loan Amount represents. The total of all Loan Repayments for each Borrower equals the principal of and interest on that Borrower’s Loan Amount, without taking into account any investment earnings on funds held by the Trustee in the Revenue Fund.

In order to qualify to participate in the ASAP Program, each Borrower must be a California nonprofit public benefit corporation operating one or more Charter Schools, must be in good standing with its charter authorizer with a charter in effect through at least June 30, 2021, and may not have any outstanding debt that constitutes a Senior Loan. Each Borrower has taken the form of its Loan Agreement to its governing board for approval and must enter into that Loan Agreement, with the representations and warranties set forth above. In making each Loan of Note proceeds to a Borrower, the Authority is relying upon the materials submitted by each Borrower and on the terms and conditions of that Borrower’s Loan Agreement.

In addition, each Series A Borrower must satisfy one of the following criteria:

- (1) Be located in a school district and/or a county where at least 50% of students have not met the State standard for proficiency in either mathematics or language on the annual State assessment;
- (2) Be located in a school district and/or a county where at least 15% of public schools have been identified for improvement or corrective action;
- (3) Be located in a school district and/or a county where 60% or more of the student population is eligible for free or reduced-price meals (“FRPM”); or
- (4) Be a Charter School where at least 50% of current or projected enrolled students at that Charter School are eligible for FRPM; and
- (5) Apply the proceeds of the Series A-1 and A-2 Notes only to facilities-related expenditures.

Series A-1 Notes

Borrower ⁽¹⁾	County	Loan Amount	Percentage of Notes
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⁽¹⁾ Preliminary; certain Borrowers listed here may elect not to participate in the Authority’s program.

⁽²⁾ The indicated Borrowers are Charter Management Organizations and operate a number of charter schools within the State.

The following table displays the Repayment Periods established for the Loan Repayments to be made by the Series A-1 Borrowers, and on a collective basis, the total amount of Loan Repayments due from all Borrowers during each of those Repayment Periods.

Repayment Period **Total Payments Due**

Series A-2 Notes

Borrower⁽¹⁾	County	Loan Amount	Percentage of Notes
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⁽¹⁾ Preliminary; certain Borrowers listed here may elect not to participate in the Authority’s program.

⁽²⁾ The indicated Borrowers are Charter Management Organizations and operate a number of charter schools within the State.

The following table displays the Repayment Periods established for the Loan Repayments to be made by the Series A-2 Borrowers, and on a collective basis, the total amount of Loan Repayments due from all Borrowers during each of those Repayment Periods.

Repayment Period **Total Payments Due**

Series B-1 Notes

Borrower⁽¹⁾	County	Loan Amount	Percentage of Notes
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- ⁽¹⁾ Preliminary; certain Borrowers listed here may elect not to participate in the Authority’s program.
⁽²⁾ The indicated Borrowers are Charter Management Organizations and operate a number of charter schools within the State.

The following table displays the Repayment Periods established for the Loan Repayments to be made by the Series B-1 Borrowers, and on a collective basis, the total amount of Loan Repayments due from all Borrowers during each of those Repayment Periods.

Repayment Period	Total Payments Due
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Series B-2 Notes

Borrower⁽¹⁾	County	Loan Amount	Percentage of Notes
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- ⁽¹⁾ Preliminary; certain Borrowers listed here may elect not to participate in the Authority’s program.
⁽²⁾ The indicated Borrowers are Charter Management Organizations and operate a number of charter schools within the State.

The following table displays the Repayment Periods established for the Loan Repayments to be made by the Series B-2 Borrowers, and on a collective basis, the total amount of Loan Repayments due from all Borrowers during each of those Repayment Periods.

Repayment Period

Total Payments Due

CHARTER SCHOOLS IN CALIFORNIA

This section provides an overview of California’s charter school law. Prospective purchasers of the Notes should note that the overview contained in this section and the summary of relevant law noted by cross-reference to the provisions of California law that follow are provided for the convenience of prospective purchasers but are not and do not purport to be comprehensive. Additional information regarding various aspects of charter school funding in California is available on numerous State-maintained websites and through other publicly available sources.

The description of the Charter School Law herein describes the Charter School Law, as amended, being Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the Education Code of the State.

General

Charter schools are largely independent schools operating as part of the public school system under the exclusive control of the officers of the public schools and are generally exempt from the laws governing school districts. The Charter School Law also requires that a public charter school be nondiscriminatory and nonsectarian in its programs, admission policies, employment practices and all other operations, and prohibits the conversion of a private school to a charter school. Public charter schools may not charge tuition and may not discriminate against any pupil on the basis of ethnicity, national origin, gender or disability. State public charter schools are required to participate in the State Testing and Reporting Program.

Generally, each charter school is funded to its statutory entitlement after the local contribution is taken into account. Local funding comes from the chartering school district or other sponsoring LEA in lieu of property taxes (generally funded from the school district’s own property tax receipts), while the State funds the balance directly through the related county office of education. The proportion coming from the State will vary from school district to school district depending on the amount of local property taxes collected. In addition, charter schools receive certain State funding and lottery funds based upon pupil attendance, and may be eligible for other special programmatic aid from State and federal grants.

For additional information regarding funding of education in the State and information relating to certain risks and other considerations relevant to a decision to invest in the Notes, see “STATE FUNDING OF EDUCATION” and “CERTAIN RISK FACTORS – Specific Risks of Charter Schools” herein.

Charter Management Organizations

As the number of charter schools operating pursuant to the Charter School Law has increased over time, nonprofit organizations have been established, referred to as charter management organizations (“CMOs”), to manage the operations of several charter schools for the purpose of achieving certain economic and operational efficiencies. CMOs centralize or share certain functions and resources among multiple charter schools, including but not limited to accounting, human resources, marketing, purchasing,

property management and administration. CMOs may operate at the regional or statewide level. Certain of the Borrowers are CMOs. See the caption, “THE BORROWERS” herein.

Chartering Authority

Under the Charter School Law, the local school district governing board serves as the primary chartering authority. Petitioners may request the county board of education to review a charter petition if the petition has been previously denied by the local school district governing board.

As of the date of this Official Statement, each Borrower has a charter in place that extends through at least June 30, 2021. Following the Closing Date, amounts on deposit in the Working Capital Fund may only be released to a Borrower if that Borrower provides evidence that its charter remains in place through at least June 30, 2022.

Charter Revocation

A charter may be revoked if the charter granting authority finds, based on substantial evidence, that a charter school (i) has committed a material violation any of the conditions, standards or procedures set forth in its charter, or (ii) has failed to meet or to pursue any of the student outcomes identified in its charter, or (iii) has failed to meet generally accepted accounting principles, or engages in fiscal mismanagement, or (iv) has violated any provision of law. Prior to revoking a charter, the charter granting authority must notify the charter school of the violation, afford the charter school a reasonable opportunity to remedy the violation (unless the authority determines, in writing, that the violation constitutes a severe and imminent threat to the health or safety of the pupils), and, upon failure to do so, give written notice of intent to revoke and notice of facts in support of revocation to the charter school and hold a public hearing on the matter. An adverse decision by a school district governing board may be appealed to the county board of education and an adverse decision by the county board, directly or on appeal, may be appealed to the SBE. See “CERTAIN RISK FACTORS – Specific Risks of Charter Schools – Revocation of Charters” herein.

In addition, the SBE may take action based on the recommendation of the State Superintendent of Public Instruction, including but not limited to revocation of a school’s charter, upon a finding of (i) gross financial mismanagement that jeopardizes the financial stability of the charter school, (ii) illegal or substantially improper use of charter school funds for the personal benefit of any officer, director or fiduciary of the charter school, or (iii) substantial and sustained departure from measurably successful practices such that continuing departure would jeopardize the educational development of the school’s pupils. Regulations promulgated by the SBE require the California Department of Education to identify and notify the SBE of each charter school that is determined to warrant action pursuant to clause (iii) of the immediately preceding sentence by November 1 of each year. Under these regulations, charter schools so notified are required to be given an opportunity to submit written information as to why its charter should not be revoked. Any resulting action to revoke a charter is effective at the end of the fiscal year in which the action is taken, unless the SBE identifies departures at the school that are so significant as to be cause for immediate revocation and closure of the charter school. The regulations require the SBE to hold a public hearing to consider action including but not limited to charter revocation not later than March 31. See “CERTAIN RISK FACTORS – Specific Risks of Charter Schools – Revocation of Charters” herein.

No Borrower has received any notice from the SBE or its respective chartering authority of any violation or proposal to revoke that Borrower’s charter or of any other violation requiring corrective action. In addition, as noted above, any future adverse decision by the governing board of any authorizing entity may be appealed to the applicable county board of education and an adverse decision by such county board of education, directly or on appeal, may be appealed to the SBE.

Amendments to the Charter School Law

The Legislature has amended the Charter School Law frequently since its initial adoption in 1992, and legislative and public attitudes are still evolving. Neither the Authority nor any Borrower has any control over State legislative or regulatory decision-making that could affect the operations or ongoing funding sources for the Borrowers.

Neither the Authority nor any Borrower makes any representation as to whether any proposed amendments to the Charter School Law will be enacted into law, or what, if any, impact such proposed amendments would have on the Borrowers.

STATE FUNDING OF EDUCATION

General Treatment of Charter Schools

The Charter School Law provides that the State Legislature intended “each charter school be provided with operational funding that is equal to the total funding that would be available to a similar school district serving a similar pupil population . . .” Charter schools’ revenue is derived primarily from two sources: a State portion funded from the State’s general fund and a locally generated portion derived from each sponsoring school district’s share of the local *ad valorem* property tax.

Proposition 98

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 LEA funding, including public charter schools. The Constitutional provision links the K-14 LEA 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 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 Cost of Living Adjustment (or “COLA”) for the minimum guarantee would be the change in California’s per-capital personal income, which is the same COLA as is used to make annual adjustments to the State appropriations limit (Article XIII B of the Constitution). 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 Borrowers as described herein enjoys the guarantee of payment established under Proposition 98.

Calculating the 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 sifts of property tax from local government to community colleges and K-12 school districts, which began in 1992-93 and increased in 1993-94, the percentage dropped to 33%.

Since 1989, each segment of public education (K-12 school districts, community college districts, and direct elementary and secondary level instructional services provided by the State), 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 Test 2. Should the calculated amount of Proposition 98 guarantee (K-14 LEAs aggregated) be less than the sum of the separate calculations, 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 LEAs will receive, as a minimum, their prior-year total funding (including State general fund and local revenues), adjusted for enrollment growth (Average Daily Attendance or Full-Time Equivalent Students) 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 LEA minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA, where 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 LEAs 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 Text 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, being 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.

CERTAIN RISK FACTORS

Investment in the Notes involves certain risks. The following information should be considered by prospective investors in evaluating the Notes. However, the following does not purport to be an exclusive listing of risks and other considerations which may be relevant to investing in the Notes, and the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

General

The Notes are payable from Loan Repayments due under the Loan Agreements and made by the individual Borrowers, for which each Borrower has pledged its Deferral Amounts, certain funds and accounts held by the Trustee under the Indenture, and moneys drawn under the Letters of Credit. As described above, the Borrowers’ charters may be terminated by action of their chartering authorities during Fiscal Year 2020-21. **Additionally, each Borrower retains the right to declare bankruptcy under federal law (see the caption “—Bankruptcy” below) during the term of the Notes.** Due to certain of the circumstances described below, a Borrower may elect or be forced to cease its operations.

The series and tranches of the Notes are several and not joint obligations of the respective Borrowers and there is no obligation of one Borrower to pay, or to pay any shortfalls with regard to, the Loan Repayments of another Borrower.

In the event that a Borrower ceases to operate as a public charter school prior to June 30, 2021, it will lose its entitlement to receive Deferral Amounts relating to each of the calendar months (or portions thereof) in the 2020-21 Fiscal Year during which it was closed (each, a “Forfeited Deferral Amount”), which would lead to a shortfall in Loan Repayments in the Revenue Fund at maturity. Should a shortfall caused by Forfeited Deferral Amounts occur, it would reduce the security for that Borrower’s Loan Repayments and could result in a shortfall on the payment of the principal of and interest on the Notes. In such case, the amounts on deposit in the Reserve Account (with respect to the Series A-1 Notes and the Series A-2 Notes) and in the Credit Enhancement Fee Fund (with respect to any of the Notes) would be the only source of funds to restore such shortfall. No representation or assurance can be made that any Borrower will remain in operation through June 30, 2021.

COVID-19 Pandemic

Potential impacts on the Borrowers associated with the COVID-19 outbreak and the related economic disruption include, but are not limited to, increasing costs and challenges relating to establishing or implementing changes to distance learning programs or other measures to permit instruction while schools remain closed, including implementation of technology and staggered schedules, increased costs of personal protective equipment and costs related to additional deep cleaning, sanitation, hygiene and increased handwashing practices; increased or additional labor costs, including costs of staff training and cost associated with ensuring appropriate staffing levels to meet facility cleanliness and physical distancing requirements; increased costs to implement and perform tests and screening for the virus and monitoring students and staff for signs of illness, and modifications to accommodate students or staff testing positive for the virus; altering procedures for cafeterias, including installation of additional physical barriers for provision of food service, ensuring adequate air circulation, including modification of HAVAC systems, providing services to students and staff with disabilities or who are otherwise at higher risk of contracting COVID-19, ensuring social and emotional support for all students and staff; and development and implementation of a plan to close physical locations once re-opened if required by circumstances related to the pandemic; decreased demand for their services; increased competition from other established virtual or on-line schools or other distance learning programs, potential decline in academic assessment results due to transition to distance learning programs, declines in investment earnings; and disruption of the regional and local economy with corresponding effects on students and their families. While certain of the foregoing expenditures have been or may be reimbursed by the federal government through the CARES Act or other forms of relief, the extent to which the State or federal government will provide reimbursement or additional funding to offset any of the above expenses, or whether such funding will be sufficient to cover the entire cost, if provided, cannot be predicted.

The ultimate impact COVID-19 will have on the operations and finances of the Borrowers is unknown; however, certain Borrowers may be so adversely affected by the impacts of the pandemic that they cease operations before June 30, 2021.

Dependence on State Aid Subject to Apportionment

The Funds Subject to Intercept for a Borrower, intercepted by the Controller pursuant to Section 17199.4 of the Education Code, are scheduled to equal the Loan Repayments for that Borrower, and may not exceed the Deferral Amounts scheduled to be paid during the period from June through and including November 2021. Pursuant to the 2020-21 State Budget, the Deferral Amounts for each Borrower are deemed earned and will be apportioned during the Repayment Periods if the Borrower remains in operation through June 30, 2021, on the basis of earned ADA for fiscal year 2019-20, whether or not a Borrower is in fact able to demonstrate the same ADA numbers for Fiscal Year 2020-21.

The Legislature of the State retains the power to adjust, reduce or further defer the Deferral Amounts prior to the Maturity Date of the Notes. Such actions, to the extent that they reduce the Deferral Amounts payable during the Repayment Periods reflected in the table under “THE BORROWERS” above, may adversely affect the timeliness or sufficiency of payments on the Notes, notwithstanding the continued operation of each Borrower through June 30, 2021. See “SECURITY AND SOURCES OF PAYMENT FOR THE NOTES – State Controller Intercept Procedures” herein for more discussion of the ability of the Legislature to alter the Deferral Amounts or the timing of their receipt or the potential effects of a Change in State Law and the consequences thereof.

Certain Borrowers indicated on the tables under “THE BORROWERS” above have outstanding loan obligations under various programs provided through the Authority, including its Revolving Loan Fund (collectively, the “Senior Loans”). Each Borrower with one or more Senior Loans in place as of the date of issuance of the Notes (the “Senior Loan Borrowers”) has previously submitted intercept notices and schedules to the Controller with respect to its Senior Loan or Loans (the “Prior Intercepts”). The Controller will honor the Prior Intercepts before intercepting Funds Subject to Intercept for deposit with the Trustee on behalf of that Senior Loan Borrower. The Loan Amount for each Senior Loan Borrower has been sized to reflect the need to provide for the payment of Prior Intercepts from its Deferral Amounts before the payment by the Controller of Funds Subject to Intercept to the Trustee.

Sufficiency of Reserve Account and Credit Fee Enhancement Fund

The Indenture establishes the Reserve Account for payment of principal of and interest on the Series A Notes to the extent the Loan Repayments are insufficient to make such payments and the Credit Enhancement Fee Fund for payment of principal of and interest on all the Notes to the extent the Loan Repayments are insufficient to make such payments. The Reserve Account and the Credit Enhancement Fee Fund provide security, up to the amount of the funds deposited therein at Closing, for only a portion of the total debt service payments due on the Notes, including both principal and interest.

Amounts on deposit in the Reserve Account will be made available on the Maturity Date of the Series A Notes in the event that one or more Series A Borrowers shall have failed to make sufficient Loan Repayments under their respective Loan Agreements to pay off their Loan Amounts; *provided, however*, that the amounts in the Reserve Account, representing the Grant-Funded Reserve Deposit, may only be used to secure Loan Repayments due with respect to the Series A Notes and the balance in the Reserve Account will not be sufficient to pay all of the maturing principal of and interest on the Series A Notes. There can also be no assurance that amounts on deposit in the Reserve Account will be sufficient to cover debt service on the Series A Notes in the event of a draw thereon due to shortfalls in Loan Repayments from Series A Borrowers. Although the Credit Enhancement Fee Fund also provides security for Loan Repayments due from Series A Borrowers, the Reserve Account will be drawn upon to remedy shortfalls in those Loan Repayments prior to any drawing’s being made under the Credit Enhancement Fee Fund.

On or about the earlier of the Release Date or immediately following the date on which no Notes are Outstanding under the Indenture, and all amounts owing under the Reimbursement Agreements have been repaid in full, the Trustee shall transfer the balance remaining on deposit in the Credit Enhancement Fee Fund (a) first, to the Reserve Account, in the amount of any withdrawals therefrom and (b) then, the remaining balance, to any Borrower which is not in default under its Loan Agreement, in the amount instructed by the Authority, based on such Borrower’s proportionate share. If such instruction covers all of the Borrowers, the entire balance in the Credit Enhancement Fee Fund will be released and that Fund will thereafter provide no security for the payment of principal of or interest on the Notes.

Tax Related Issues

Maintenance of Tax-Exempt Status. Each Borrower has covenanted to maintain its status as an organization described in Section 501(c)(3) of the Code. The maintenance of such status is contingent on compliance with general rules promulgated in the Code and related regulations regarding the organization and operation of tax-exempt entities, including the operation for charitable and educational purposes and avoidance of transactions which may cause the assets of either to inure to the benefit of private individuals.

In recent years, the IRS has increased the frequency and scope of its audit and other enforcement activity regarding tax-exempt organizations and, in particular, charter schools. As a result, tax-exempt organizations are increasingly subject to a greater degree of scrutiny. The primary penalty available to the IRS under the Code with respect to a tax-exempt entity engaged in unlawful private benefit is the revocation of tax-exempt status. Although the IRS has not frequently revoked the 501(c)(3) tax-exempt status of nonprofit corporations, it could do so in the future.

Less onerous sanctions have been enacted which focus enforcement on private persons who transact business with a tax-exempt organization rather than the tax-exempt organization, but these sanctions do not replace the other remedies available to the IRS as mentioned above.

State Income Tax Exemption. The loss by a Borrower of federal tax exemption might trigger a challenge to its State income tax exemption. Such an event could be adverse and material.

Unrelated Business Income. In recent years, the IRS and state, county and local taxing authorities have been undertaking audits and reviews of the operations of tax-exempt organizations with respect to their exempt activities and the generation of unrelated business taxable income (“UBTI”). The Borrowers may, however, participate in activities which generate UBTI in the future. If so, the Borrowers covenant that they will properly account for and report UBTI; nevertheless, an investigation or audit could lead to a challenge which could result in taxes, interest and penalties with respect to unreported UBTI and in some cases could ultimately affect a charter school’s tax-exempt status, as well as the treatment of interest on the Notes under State law. No representation is made as to whether any Borrower presently has UBTI.

Bankruptcy

The rights and remedies of the owners of the Notes are subject to various provisions of the Federal Bankruptcy Code (the “Bankruptcy Code”). If any Borrower were to become the subject of a voluntary or involuntary bankruptcy case, there could be adverse effects on the ability of that Borrower to pay its Loan Repayments. These adverse effects could include, but may not be limited to, one or more of the following.

The automatic stay provisions of the Bankruptcy Code could prevent (unless approval of the bankruptcy court was obtained) any action to collect any amount owing by that Borrower or any action to enforce any obligation of the affected Borrower. These restrictions may also prevent the Trustee from making payments to the owners of the Notes from funds in the Trustee’s possession during the pendency of the bankruptcy case.

Notwithstanding the provisions of State law regarding the Intercept, the bankruptcy court could determine that the Intercept is invalid in bankruptcy, and thus that the funds subject to the Intercept are property of the Borrowers and subject to the claims of their creditors. Each Borrower has covenanted to take the necessary actions so that if the funds subject to an Intercept are determined to be property of that Borrower, the Trustee will have a first priority perfected security interest in those funds. If, however, a Borrower fails to, or is unable to, take the necessary action to perfect the security interest, the owners of the Notes may have no rights to the funds that are subject to such Intercept. Even if the Trustee does have a

perfected security interest in the funds that are the subject of an Intercept, enforcement of that security interest may be subject to the automatic stay as discussed above. With the authorization of the bankruptcy court, a Borrower may be able to repudiate its Loan Agreement and stop performing its respective obligations (including payment obligations) thereunder. Such a repudiation could also excuse the other parties to such agreements from performing any of their obligations. In addition, with the authorization of the bankruptcy court, a Borrower may be able to assign its respective rights and obligations under the agreements to which it is a party, to another entity, despite any contractual provisions prohibiting such assignment.

The Trustee may be required to return to a Borrower, as preferential transfers, any property that became subject to the lien of the Indenture within the 90 days immediately preceding the filing of the bankruptcy petition. This could include Funds Subject to Intercept received during the 90 days prior to the date of the bankruptcy filing. Payments made to the owners of the Notes during such 90-day period may be avoided as preferential payments, so that the owners of the Notes would be required to return such payments to the Borrower in question.

A Borrower may be able, in a confirmed plan, without the consent and over the objection of the Authority, the Trustee and the owners of the Notes, to alter the priority, interest rate, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture, the Notes, or that Borrower's Loan Agreement, and may be able to invalidate or eliminate the Intercept, as long as the bankruptcy court determines that the alterations are fair and equitable. There may be delays in payments on the Notes while the court considers any of these issues. There may be other possible effects of a bankruptcy of the Borrower that could result in delays or reductions in payments on the Notes, or result in losses to the owners of the Notes. Regardless of any specific adverse determinations in a Borrower bankruptcy case, the fact of a Borrower bankruptcy case could have an adverse effect on the liquidity or value of the Notes.

Other Limitations on Enforceability of Remedies

There exists common law authority and authority under various state statutes pursuant to which courts may terminate the existence of a nonprofit corporation or undertake supervision of its affairs on various grounds, including a finding that the corporation has insufficient assets to carry out its stated charitable purposes or has taken some action which renders it unable to carry out such purposes. Such court action may arise on the court's own motion or pursuant to a petition of a state attorney general or other persons who have interests different from those of the general public, pursuant to the common law and statutory power to enforce charitable trusts and to see to the application of their funds to their intended charitable uses.

In addition to the foregoing, the realization of any rights under the Loan Agreements or the Indenture upon a default depends upon the exercise of various remedies specified in the respective Loan Agreements or the Indenture. These remedies may require judicial action which is often subject to discretion and delay. Under existing law, certain of the remedies specified in the Loan Agreements and the Indenture may not be readily available or may be limited. For example, a court may decide not to order the specific performance of the covenants contained in a Loan Agreement or the Indenture. Accordingly, the ability of the Authority or the Trustee to exercise remedies under the Loan Agreements and the Indenture upon an Event of Default could be impaired by the need for judicial or regulatory approval.

Specific Risks of Charter Schools

Revocation of Charters. The Charter School Law enables charter authorizers to grant five-year charters which may be revoked at any time because of either educational non-performance or fiscal

mismanagement. Management of each of the Borrowers believes that they have stable relationships with their charter authorizers, the county offices of education, and representatives on the State Board of Education, each of which, under appropriate circumstances, is authorized to grant charters under the Charter School Law.

Legal Challenges. In addition to revocation, a charter may also be subject to challenge by an interested third-party. No assurance can be given that a school's charter will not be subjected to legal challenge. Any loss by a Borrower prior to June 30, 2021, of a charter for each of its schools in place would reduce its eligibility for the Deferral Amounts and thus, result in the reduction of the amount of Loan Repayments made under its Loan Agreement, which, along with the Loan Repayments due under all the other Loan Agreements, are expected to provide sufficient revenues to satisfy the debt service requirements for the Notes.

Claims and Insurance Coverage

Litigation could arise from the corporate and business activities of the Borrowers. Such litigation may result as a result of the Borrowers' status as employers. Many of these risks are covered by insurance, but some are not. For example, claims arising from wrongful termination or sexual molestation claims and business disputes may not be covered by insurance or other sources. Such claims may, in whole or in part, constitute a significant liability of a Borrower and result in mid-year closure, if determined or settled adversely, as may any additional claims for other torts, accidents, or environmental enforcement actions, to the extent such claims exceed the limits of applicable insurance coverage.

The Borrowers have covenanted and agreed in their respective Loan Agreements that they will maintain, or caused to be maintained, property, general liability and business interruption insurance with respect to their facilities at levels set forth therein. See "APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" herein.

Risks Respecting the Banks

Unsecured Obligations. The ability of a Bank to honor drawings made under its Letters of Credit is based solely upon that Bank's general credit and is not collateralized or otherwise guaranteed by the United States of America or any agency or instrumentality thereof. No provision has been made for the replacement or of substitution for any Letter of Credit in the event of any deterioration in the financial condition of the issuing Bank. None of the Authority, any Borrower or either Bank assumes any liability to any purchaser of the Notes as a result of any deterioration of the financial condition of the affected Bank. Upon any insolvency of a Bank, any claim by the Trustee against that Bank would be subject to bank receivership proceedings.

General Factors Affecting the Banks. The Banks are subject to regulation and supervision by various regulatory bodies. New regulations could impose restrictions upon either Bank which could restrict their ability to respond to competitive pressures. Various legislative or regulatory changes could dramatically impact the banking industry as a whole and the Banks specifically. The banking industry is highly competitive in many of the markets in which the Banks operate. Such competition directly impacts the financial performance of either or both of the Banks. Any significant increase in such competition could adversely impact one or both Banks.

Prospective purchasers of the Notes should evaluate the financial strength of the Banks, based upon the information contained in and referred to under the captions, "THE LETTERS OF CREDIT AND THE REIMBURSEMENT AGREEMENTS," "CITIBANK" and "ROYAL BANK OF CANADA" above.

ABSENCE OF MATERIAL LITIGATION

The Authority

To the knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending against the Authority seeking to restrain or enjoin the sale or issuance of the Notes, or in any way contesting or affecting any proceedings of the Authority taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Notes, the validity or enforceability of the documents executed by the Authority in connection with the Notes, the completeness or accuracy of this Official Statement or the existence or powers of the Authority relating to the sale of the Notes.

The Borrowers

Each Borrower has represented that there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending against that Borrower seeking to restrain or enjoin the sale or issuance of the Notes, or in any way contesting or affecting any proceedings of the Borrower taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Notes, the validity or enforceability of the documents executed by the Borrower in connection with the Notes, including its Loan Agreement, the completeness or accuracy of this Official Statement or the existence or powers of that Borrower relating to the sale of the Notes.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe, LLP (“Note Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is exempt from State of California personal income taxes. Note Counsel observes that interest on the Notes is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. Note Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Notes. The proposed form of opinion of Note Counsel is contained in Appendix D hereto.

The following discussion summarizes certain U.S. federal income tax considerations generally applicable to U.S. Holders (as defined below) of the Notes that acquire their Notes in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the U.S. Internal Revenue Service (the “IRS”) with respect to any of the U.S. federal income tax considerations discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Notes as part of a hedge, straddle or an integrated or conversion transaction, or investors whose “functional currency” is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Notes under state, local or non-U.S.

tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Notes pursuant to this offering for the issue price that is applicable to such Notes (i.e., the price at which a substantial amount of the Notes are sold to the public) and who will hold their Notes as “capital assets” within the meaning of Section 1221 of the Code. The following discussion does not address tax considerations applicable to any investors in the Notes other than investors that are U.S. Holders.

As used herein, “U.S. Holder” means a beneficial owner of a Note that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). If a partnership holds Notes, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Notes, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Notes (including their status as U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Notes at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Notes in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Notes generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder’s method of accounting for U.S. federal income tax purposes.

Notes purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Note issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Note.

Sale or Other Taxable Disposition of the Notes. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the Authority) or other disposition of a Note will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Note will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Note, which will be taxed in the manner described above) and (ii) the U.S. Holder’s adjusted U.S. federal income tax basis in the Note (generally, the purchase price paid by the U.S. Holder for the Note, decreased by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Notes, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate

applicable to ordinary income if such U.S. holder's holding period for the Notes exceeds one year. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding. Payments on the Notes generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Notes may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Foreign Account Tax Compliance Act ("FATCA")

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, 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 U.S. 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, 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 U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, 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 on the Notes. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Notes in light of the holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Notes, including the application and effect of state, local, non-U.S., and other tax laws.

APPROVAL OF LEGALITY

The validity of the Notes and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe, LLP, San Francisco, California, Bond Counsel to the Authority. Certain other legal matters will be passed upon for each Borrower by counsel selected by such Borrower. Certain legal matters will be passed upon for the Authority by the Honorable _____, Attorney General of the State. Nixon Peabody LLP is acting as Disclosure Counsel to the Authority. Certain legal matters will

be passed upon for the Underwriters by their counsel, Kutak Rock LLP, Los Angeles, California. The Attorney General undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

RATING

Moody's Investors Service ("Moody's") has assigned a rating of "___" to the Notes, based on the issuance of the Letters of Credit by the Banks. Such rating reflects only the views of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's at the following address: 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone: (212) 553-0377. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price for the Notes.

MUNICIPAL ADVISOR

Montague DeRose and Associates, LLC, is employed s Municipal Advisor to the Authority and the Borrowers 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 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 Borrowers 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.

CONTINUING DISCLOSURE

The State and the Authority will enter into a form of Continuing Disclosure Certificate with regards to their respective obligations to provide information concerning certain listed events under Rule 15c2-12. See APPENDIX B – "CONTINUING DISCLOSURE CERTIFICATE."

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. The Authority shall have no liability to the Holders of the Notes or any other person with respect to Rule 15c2-12. The Borrowers have not undertaken to provide material or listed event notices to the Holders of the Notes, as permitted by stated exceptions to Rule 15c2-12.

UNDERWRITING

The Notes are being purchased by RBC Capital Markets, LLC ("RBC") and Citigroup Global Markets ("Citi," and together with RBC, the "Underwriters"). The Underwriters have agreed to purchase the Series A-1 Notes at a price of \$_____ (being the principal amount of the Series A-1 Notes, plus aggregate original issue premium of \$_____, less an Underwriters' discount of \$_____), to purchase the Series A-2 Notes at a price of \$_____ (being the principal amount of the Series A-2 Notes, plus aggregate original issue premium of \$_____, less an Underwriter's discount of \$_____), to

purchase the Series B-1 Notes at a price of \$ _____ (being the principal amount of the Series B-1 Notes, plus aggregate original issue premium of \$ _____, less an Underwriter's discount of \$ _____) and to purchase the Series B-2 Notes at a price of \$ _____ (being the principal amount of the Series B-2 Notes, plus aggregate original issue premium of \$ _____, less an Underwriters' discount of \$ _____). The purchase price of each series of Notes will be offset by the application of the amount of the Good Faith Deposit specified in the Purchase Agreement ("Purchase Agreement") for the Notes, deposited with the Treasurer on the date of sale. The Purchase Agreement provides that the Underwriters will purchase all of the Notes if any are purchased. The obligation of the Underwriters to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement. The Underwriters may offer and sell the Notes to certain dealers, institutional investors, banks, and others at prices different from the prices stated on the cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriters.

Citi has provided a letter to the Authority and the State Treasurer relating to its distribution practices or other affiliations for inclusion in this Official Statement, which are set forth in APPENDIX F hereof. Neither the Authority nor the State Treasurer guarantees the accuracy or completeness of the information contained in such letter and the information therein is not to be construed as a representation of the Authority, the State Treasurer, or RBC.

MISCELLANEOUS

Copies, in reasonable quantity, of the Indenture and the standard form of Loan Agreement may be obtained during the 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 considered a contract or agreement between the Borrowers 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 changes. 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. The distribution and use of this Official Statement have been duly authorized by the Authority.

APPENDIX A
THE STATE OF CALIFORNIA

APPENDIX B

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 the Authority’s Revenue Notes (ASAP Program), Series 2021A-1 (Federally Taxable), \$_____ aggregate principal amount of the Authority’s Revenue Notes (ASAP Program), Series 2021A-2 (Federally Taxable), \$_____ aggregate principal amount of the Authority’s Revenue Notes (ASAP Program), Series 2021B-1 (Federally Taxable) and \$_____ aggregate principal amount of the Authority’s Revenue Notes (ASAP Program), Series 2021B-2 (Federally Taxable) (collectively, the “Notes”) issued by the Authority, and described in the Official Statement (defined below). The Notes are being issued pursuant to an Indentures, 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 of California (the “State”), and the Authority covenant and agree 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 or the Authority 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 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), (b) and (c) 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);
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 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), (4) and (5) and 3(b)(1), (3) and (4) are not applicable to the Notes.

(e) Any notice required to be given pursuant to subsection (a), (b) or (c) 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 C
SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX D
FORM OF NOTE COUNSEL OPINION

APPENDIX E

BOOK-ENTRY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, 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 Note certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of that maturity of Notes, and will be deposited with DTC.

DTC, the world’s largest securities depository, 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 certificates. 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 Standard & Poor’s rating of AA+. The DTC Rules applicable to its 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 Direct and Indirect 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 affect 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 Direct Participants and Indirect 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 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 redemptions, defaults, and proposed amendments to the Note documents. 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 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).

Redemption proceeds, distributions, and dividend 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 Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 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 redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, 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 Direct and Indirect 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, Note certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The information in this Appendix 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.

APPENDIX F
CERTAIN DISTRIBUTION ARRANGEMENTS