

RESOLUTION NO. 12-51

**RESOLUTION OF THE CALIFORNIA SCHOOL FINANCE AUTHORITY
AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR VSF SCHOOL
FACILITIES #1 LLC**

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 and loan the proceeds of the sale thereof to participating parties including 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”) and to any person, company, association, state or municipal government entity, partnership, firm, or other entity or group of entities that undertakes the financing or refinancing of a project (as defined in the Act) pursuant to the Act in conjunction with a charter school for the purpose of financing the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of educational facilities (as defined in the Act);

WHEREAS, VSF School Facilities #1 LLC (the “Borrower”), whose sole member is Value Schools Foundation, a California nonprofit public benefit corporation, Value Schools, a California nonprofit public benefit corporation, doing business as Central City Value School and Downtown Value School, each of which is a school established pursuant to the Charter School Act of 1992, as amended, constituting Part 26.8 (commencing with Section 47600) of Division 4 of Title 2 of the Education Code of the State of California (“Value Schools”), or such other nonprofit public benefit corporation designated by Value Schools (collectively, the “Sole Member”), have applied for financing under the Act; and

WHEREAS, the revenue bonds as hereinafter described in Section 1 (the “Bonds”) will be secured by, among other things, an intercept of certain of the Borrower’s revenues (the “Intercept”) by the State Controller of the State of California (the “State Controller”) pursuant to Section 17199.4(a)(1) and (4) of the California Education Code;

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

Section 1. Pursuant to the Act, revenue bonds (the “Bonds”) of the Authority, to be designated generally as the “California School Finance Authority School Facility Revenue Bonds (Value Schools), Series 2013,” or such other name or names as may be designated in the Indenture hereinafter approved in Section 3, are authorized to be issued, in one or more series, in an aggregate principal amount not to exceed \$15,000,000. The Bonds may, with the consent of the Borrower, be secured by bond insurance, letter(s) of credit or other credit enhancement. The proceeds of the Bonds shall be used for any or all of the following purposes: (1) (a) to acquire the land and facilities located at 221 North Westmoreland Avenue, Los Angeles, California, 90004

(the “Central City Value School Facility”), (b) to acquire the land and facilities located at 950 West Washington Boulevard (also identified as 1912 and 1930 South Toberman Street), Los Angeles, California, 90015 (“Downtown Value School Facility”) and (c) to construct, expand, remodel, renovate, improve, furnish and equip (i) the Central City Value School Facility and (ii) the Downtown Value School Facility (collectively, the “Project”), (2) to pay certain expenses incurred in connection with the issuance of the Bonds and (3) to fund a reserve fund for the Bonds.

Section 2. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Bonds, at any time within nine months of the adoption of this Resolution, at private sale, in such aggregate principal amount (not to exceed the aggregate principal amount set forth in Section 1), at such prices, at such interest rate or rates, with such maturity dates and such other terms and conditions as the Treasurer, with the consent of the Borrower, may determine.

Section 3. The following documents:

- (a) the Indenture relating to the Bonds (the “Indenture”), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”);
- (b) the Loan Agreement relating to Bonds (the “Loan Agreement”), between the Authority and the Borrower;
- (c) the Bond Purchase Agreement relating to the Bonds (the “Bond Purchase Agreement”), among the Authority, the Treasurer, as agent for sale, and RBC Capital Markets, LLC, as underwriter (the “Underwriter”), and approved by the Borrower;
- (d) the Inducement Agreement relating to the Bonds (the “Central City Value School Inducement Agreement”), between the Authority and Value Schools, doing business as Central City Value School;
- (e) the Inducement Agreement relating to the Bonds (the “Downtown Value School Inducement Agreement”), between the Authority and Value Schools, doing business as Downtown Value School; and
- (f) the preliminary official statement relating to the Bonds (the “Preliminary Official Statement”);

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

Agreement and the Downtown Value School Inducement Agreement and by the delivery thereof in the case of the Preliminary Official Statement.

Section 4. The dated date, maturity date, interest rate, interest payment date, principal payment date, denominations, forms, registration privileges, manner of execution, places of payment and other terms of the Bonds shall be as provided in the Indenture as finally executed; provided, (i) if the bonds are unrated or rated lower than BBB- (or its equivalent) by a nationally recognized rating agency, minimum bond authorized denominations shall be \$100,000, initial purchasers shall be required to execute an initial investor letter substantially as set forth in the Indenture, sales restrictions shall be conspicuously noted on the Bonds substantially as set forth in the Indenture and described in detail substantially as set forth in the Preliminary Official Statement and provisions permitting transfer of Bonds to investors other than qualified institutional buyers shall be eliminated, (ii) if the bonds are rated BBB- (or its equivalent) or better and lower than A- (or its equivalent) by a nationally recognized rating agency, minimum bond authorized denominations shall be \$25,000, Bonds will be sold initially only to qualified institutional buyers and accredited investors substantially as set forth in the Indenture, subsequent transfers of Bonds shall be limited to qualified institutional buyers and accredited investors substantially as set forth in the Indenture, sales restrictions shall be conspicuously noted on the Bonds substantially as set forth in the Indenture and described in detail substantially as set forth in the Preliminary Official Statement and any requirement for an investor letter may be eliminated and (iii) if the bonds are rated A- (or its equivalent) or better by a nationally recognized rating agency, any requirement for a minimum bond authorized denomination, any provisions restricting, or describing or noting restrictions on, sale to accredited investors and/or qualified institutional buyers and any requirements for an investor letter may be eliminated.

Section 5. The Underwriter is hereby authorized to distribute a Preliminary Official Statement in substantially said form in one document or in a separate document for each series of Bonds with such changes as the Underwriter may approve to persons who may be interested in the purchase of the Bonds offered in such issuance. The Underwriter is hereby directed to deliver (in accordance with applicable federal securities laws, regulations and rules) a copy of said final official statement (as finally executed, the "Official Statement") to all actual purchasers of each series of Bonds authorized hereby.

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

Section 7. Each officer of the Authority is hereby authorized and directed to do any and all things which he or she may deem necessary or advisable in order to consummate the issuance, execution, sale and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution, the Indenture, the Loan Agreement, the Bond Purchase Agreement, the Central City Value School Inducement Agreement, the Downtown Value School Inducement Agreement and the Official Statement. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation: (a) certifications; (b) a tax certificate and agreement; and (c) any agreement or commitment letter with respect to the provisions of bond insurance, letter(s) of credit, surety bond(s) and/or a liquidity facility(ies) for the Bonds. The State Treasurer is hereby requested and authorized to take any and all actions within his or her authority as agent for sale of the Bonds that he or she may deem necessary or advisable in order to consummate the issuance, execution, sale and delivery of the Bonds, and to otherwise effectuate the purposes of this Resolution.

Section 8. The provisions of the Authority's Resolution No. 12-45 apply to the documents and actions approved in this Resolution.

Section 9. The Authority hereby approves and ratifies each and every action taken by its officers, agents, members and employees prior to the date hereof in furtherance of the purposes of this Resolution.

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

Dated: December 12, 2012