

RESOLUTION NO. 15-20

RESOLUTION OF THE CALIFORNIA SCHOOL FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF BONDS IN AN AMOUNT NOT TO EXCEED \$80,000,000 TO FINANCE AND REFINANCE THE ACQUISITION, CONSTRUCTION, EXPANSION, REMODELING, RENOVATION, IMPROVEMENT, FURNISHING, AND EQUIPPING OF EDUCATIONAL FACILITIES LOCATED IN LOS ANGELES COUNTY, CALIFORNIA FOR KLARE HOLDINGS

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, entities to which KLARE Holdings (the "Borrower"), a California nonprofit public benefit corporation, is a sole member, will lease certain charter school facilities to KIPP LA Schools, which operates public charter schools 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;

WHEREAS, the Borrower has 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 funds (the "Intercept") by the State Controller of the State of California (the "State Controller") pursuant to Section 17199.4 of the California Education Code;

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

Section 1. Pursuant to the Act, revenue bonds (the "Bonds") of the Authority, to be designated generally as the "California School Finance Authority School Facility Revenue Bonds (KIPP LA Projects), Series 2015," 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 from time to time, in an aggregate principal amount not to exceed \$80,000,000. 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) finance and refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and equipping of the charter school educational facilities (a) known as KIPP Raíces Academy, located at 668 South Atlantic Avenue, Los Angeles, CA 90022, (b) known as KIPP Vida

Preparatory Academy, to be located at 4410 South Budlong Avenue, Los Angeles, CA 90037, (c) known as KIPP Academy of Opportunity, to be located at 8500 South Figueroa Street, Los Angeles, CA 90003, (d) known as KIPP Scholar Academy, to be located at 5101 Western Avenue, Los Angeles, CA 90062, (e) known as KIPP Academy of Innovation, to be located at 1241 South Soto Street, Los Angeles, CA 90023, and (f) known as KIPP Promesa Prep, to be located at 1241 South Soto Street, Los Angeles, CA 90023 (collectively, the "Project"), (2) pay certain expenses incurred in connection with the issuance of the Bonds, (3) pay capitalized interest on the Bonds, and (4) fund a debt service reserve fund and a repair and replacement fund with respect to 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 Zions First National Bank, 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 Robert W. Baird & Co., Inc., as underwriter (the "Underwriter"), and approved by the Borrower; and
- (d) 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 and the Bond Purchase Agreement and by the delivery thereof in the case of the Preliminary Official Statement.

Section 4. The dated date, maturity dates (not exceeding 40 years from the respective dates of issue), interest rate or rates, interest payment dates, principal payment dates, authorized denominations, transfer restrictions, forms, registration, manner of execution, places of payment and other terms of the Bonds shall be as set forth in the Indenture as finally executed. In accordance with the Bond Issuance Guidelines of the Authority, the Bonds shall be issued in the authorized denominations and subject to transfer restrictions as set forth below:

(a) If the Bonds are unrated or are rated lower than “BBB-” (or its equivalent) by a nationally recognized rating agency (a “Rating Agency”), either of the following shall apply: (1) minimum authorized denominations shall be \$250,000, the initial beneficial owners of the Bonds (the “Initial Purchasers”) shall be required to execute an Investor Letter substantially in the form appended to the Indenture (the “Investor Letter”), both the initial sale and all subsequent transfers of the Bonds shall be limited to Qualified Institutional Buyers (“QIBs”) or Accredited Investors (“Accredited Investors”), each, as defined in Rule 144A of the Securities Act of 1933, as amended, and such sale and transfer restrictions shall be conspicuously noted and described in the Preliminary Official Statement and in the final form of Bonds delivered; or (2) minimum authorized denominations shall be \$100,000, the Initial Purchasers shall be required to execute the Investor Letter, and both the initial sale and all subsequent transfers of the Bonds shall be limited to QIBs, and such sale and transfer restrictions shall be conspicuously noted and described in the Preliminary Official Statement and in the final form of Bonds delivered;

(b) If the Bonds are rated “BBB-” (or its equivalent) or better, but lower than “A-” (or its equivalent) by a Rating Agency, minimum authorized denominations shall be \$25,000, both the initial sale and all subsequent transfers shall be made only to QIBs or Accredited Investors, and such sale and transfer restrictions shall be conspicuously noted in the final form of Bonds delivered and described in the Preliminary Official Statement; and

(c) If the Bonds are rated “A-” (or its equivalent) by a Rating Agency, minimum authorized denominations shall be \$5,000 or any integral multiple thereof, without any restrictions as to the qualifications of Initial Purchasers or any subsequent purchasers of the Bonds, without the need for execution of an Investor Letter or Letters.

The Preliminary Official Statement, as posted or printed, shall reflect the operative provisions of the Bond Issuance Guidelines applicable to the Bonds.

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 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 Treasurer (or his designee) 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 Authority hereby approves and ratifies each and every action taken by its officers, agents, members and employees prior to the date hereof in furtherance of the purposes of this Resolution.

Section 9. The provisions of the Authority's Resolution No. 13-45 apply to the documents and actions approved in this Resolution, which is hereby incorporated by reference.

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

Dated: July 8, 2015