

RESOLUTION NO. 16-02

RESOLUTION OF THE CALIFORNIA SCHOOL FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$50,000,000 TO FINANCE AND REFINANCE THE ACQUISITION, CONSTRUCTION, EXPANSION, REMODELING, RENOVATION, IMPROVEMENT, FURNISHING, AND/OR EQUIPPING OF EDUCATIONAL FACILITIES LOCATED IN SANTA CLARA COUNTY, CALIFORNIA FOR DOWNTOWN COLLEGE PREP

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 amended) (the “Act”) and is authorized to issue bonds and to 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 of the State of California) (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 or refinancing the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of educational facilities (as defined in the Act);

WHEREAS, Downtown College Prep Foundation, a California nonprofit public benefit corporation (the “Borrower”) has applied for financing under the Act, for the purpose of financing and refinancing the acquisition, construction, improvement and/or equipping of certain charter school educational facilities to be leased to Across the Bridge Foundation, dba Downtown College Prep, a California nonprofit public benefit corporation (“ABF”), for the use and occupancy by schools established pursuant to the Charter School Law, as more particularly described herein, initially Downtown College Prep – El Primero High School, Downtown College Prep – El Camino Middle School, Downtown College Prep – Alum Rock Middle School and Downtown College Prep – Middle School (each, a “School” and collectively, the “Schools”);

WHEREAS, the revenue bonds as hereinafter described in Section 1 are expected to be secured by, among other things, an intercept of certain revenues of the Schools (the “Intercept”) by the 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 Charter School Revenue Bonds (Downtown College Preparatory) Series 2016A,” and “California School Finance Authority Charter School Revenue Bonds (Downtown College Preparatory) Series 2016B (Taxable),” or such other name or names or series or subseries designations as may be designated in the related 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 \$50,000,000. With the consent of the Borrower, the Bonds may 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) to make a loan to the Borrower to finance and/or refinance the costs (as defined in the Act) of the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of educational facilities (as defined in the Act) for use and occupancy by (i) Downtown College Prep – El Primero High School and Downtown College Prep – El Camino Middle School, to be located at 1402 Monterey Highway (also known as 1402 S. 1st Street and 1402 Monterey Road) San Jose, California, designed to serve approximately 1,000 students in grades 5 through 12, such facilities to be owned by DCP Facilities 2, LLC, on a site that is leased from the San Jose Unified School District, (ii) Downtown College Prep – Alum Rock Middle School, a school located at 2888 Ocala Avenue, San Jose, California, designed to serve approximately 470 students in grades 6 through 8, such facility to be owned by DCP Facilities 1, LLC, on a site that is leased from the Alum Rock Union Elementary School District, and (iii) Downtown College Prep – Middle School, a school to be located at 950 St. Elizabeth Drive, San Jose, California, designed to serve approximately 520 students in grades 5 through 8, to be owned by DCP Facilities 3, LLC, or another limited liability company the sole member of which will be the Borrower; (2) to pay certain expenses incurred in connection with the issuance of the Bonds; and (3) to fund all or a portion of a debt service reserve fund, capitalized interest and/or related working capital.

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

Section 3. The following documents:

- (a) the Indenture relating to the Bonds (the “Indenture”), between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”);
- (b) the Loan Agreement relating to the 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 on behalf of the Authority, and Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), and approved by the Borrower; and
- (d) the preliminary limited offering memorandum relating to the Bonds (the “Preliminary Offering Document”);

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 series of Bonds (whether one or more), 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 Offering Document.

Section 4. The dated date, maturity dates (not exceeding 40 years from the respective date 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 related 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”), they shall either (1) be issued in minimum authorized denominations of \$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”), and 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; or (2) be issued in minimum authorized denominations of \$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 in either case (1) or (2), such sale and transfer restrictions shall be conspicuously noted in the final form of Bonds delivered and described in the Preliminary Offering Document;

(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, Bonds will be sold to Initial Purchasers and all subsequent transfers shall be made only to QIBs and Accredited Investors, as described in the Indenture, and such sale and transfer restrictions shall be conspicuously noted in the final form of Bonds delivered and described in the Preliminary Offering Document; and

(c) If the Bonds are rated “A-” (or its equivalent) by a Rating Agency, the Bonds may be issued and sold in authorized denominations of \$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.

Section 5. The Underwriter is hereby authorized to distribute a Preliminary Offering Document in substantially the form on file with the Authority in one document or in a separate document for one or more series of the Bonds, 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 the final limited offering memorandum (as finally executed, the “Offering Memorandum”) 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. 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 Offering Memorandum. The Authority hereby approves any and all documents to be delivered in furtherance of the foregoing purposes, including without limitation: (a) certifications and instructions (including the instructions to the Trustee described in Section 6, above); (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 (or his designee) is hereby requested and authorized to take any and all actions within his authority as agent for sale of the Bonds that he 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. 13-45 apply to the documents and actions approved in this Resolution, and such Resolution No. 13-45 is hereby incorporated by reference.

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.

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Section 10. after its adoption.

This resolution shall take effect immediately from and

Dated: January 13, 2016