

RESOLUTION NO. 17-05

RESOLUTION OF THE CALIFORNIA SCHOOL FINANCE AUTHORITY AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED \$19,000,000 AGGREGATE PRINCIPAL AMOUNT OF CALIFORNIA SCHOOL FINANCE AUTHORITY EDUCATIONAL FACILITIES REVENUE BONDS FOR THE PURPOSE OF FINANCING THE ACQUISITION AND RENOVATION OF CERTAIN EDUCATIONAL FACILITIES, PROVIDING THE TERMS AND CONDITIONS FOR THE SALE AND ISSUANCE OF SAID BONDS AND OTHER MATTERS RELATING THERETO AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS HEREIN SPECIFIED

WHEREAS, the California School Finance 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 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 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); and

WHEREAS, University Park and Watts, LLC, a California limited liability company (the "Borrower") whose sole managing member is New Designs Properties, Inc., a California nonprofit public benefit corporation, now seeks from the Authority the issuance and sale of revenue bonds of the Authority for the purpose of making a loan to the Borrower to (i) finance the acquisition and renovation of certain educational facilities (as defined in the Act) as described in Exhibit A hereto (as set forth in Exhibit A, the "Project"); (ii) fund any debt service reserve funds, any repair and replacement funds and any capitalized interest for such bonds, as necessary; and (iii) pay certain costs of issuance of, and credit enhancement fees in connection with, the bonds; and

WHEREAS, the Borrower will finance such educational facilities in conjunction with New Designs Charter School, a school under the Charter School Law, operated as New Designs Charter School, a California nonprofit public benefit corporation (the "Charter School"), and the Borrower will lease such facilities to the Charter School to be used and operated thereby; and

WHEREAS, the revenue bonds as hereinafter described in Section 1 will be secured by, among other things, an intercept of certain of the Charter School's

revenues (the "Intercept") by the 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 Educational Facilities Revenue Bonds (New Designs Charter School Adams Campus Project), Series 2017A," and the "California School Finance Authority Educational Facilities Revenue Bonds (New Designs Charter School Adams Campus Project) (Taxable), Series 2017B," or such other name or names as may be designated in the applicable Second Supplemental Indenture hereinafter approved in Section 3, are authorized to be issued, in one or more series, in an aggregate principal amount not to exceed \$19,000,000. The Bonds may, at the option of the Borrower, be secured by bond insurance, letter(s) of credit or other credit enhancement. The proceeds of the Bonds shall be and are hereby authorized to be used for any or all of the purposes set forth in the second WHEREAS paragraph above.

Section 2. The Treasurer of the State of California (the "Treasurer") is hereby authorized to sell the Bonds, at any time within twelve months of the adoption of this Resolution, at a private or public sale, in such aggregate principal amount (not to exceed the aggregate principal amount set forth in Section 1), at such prices with such discount or premium, as fixed rate bonds, bearing interest at such rate or rates, on a tax-exempt or taxable basis, with such maturity date or dates, and upon such other terms and conditions consistent with the Act as the Treasurer, with the consent of the Borrower, may determine.

Section 3. The following documents:

(a) the Second Supplemental Indenture of Trust (the "Second Supplemental Indenture") relating to the Bonds, supplementing the Indenture of Trust, dated as of October 1, 2012, which was previously supplemented by the First Supplemental Indenture of Trust, dated as of August 1, 2014, each by and between the Authority and Zions First National Bank, as trustee (the "Trustee"), pursuant to which the following bonds were issued: (i) the Authority's Educational Facilities Revenue Bonds (New Designs Charter School Project), Series 2012A in the aggregate principal amount of \$16,575,000; (ii) the Authority's Educational Facilities Revenue Bonds (New Designs Charter School Project) (Taxable), Series 2012B in the aggregate principal amount of \$2,035,000; (iii) the Authority's Educational Facilities Revenue Bonds (New Designs Charter School Project), Series 2012C in the aggregate principal amount of \$1,255,000; (iv) the Authority's Educational Facilities Revenue Bonds (New Designs Charter School Watts Campus Project), Series 2014A in the aggregate principal amount of \$7,090,000; and (v) the Authority's Educational Facilities Revenue Bonds (New Designs Charter School Watts Campus Project) (Taxable), Series 2014B in an aggregate principal amount of \$290,000;

(b) the Second Amendment to Loan Agreement (the “Second Amendment to Loan Agreement”), amending the Loan Agreement, dated as of October 1, 2012, which was previously amended by the First Amendment to Loan Agreement, dated as of August 1, 2014, each by and between the Authority and the Borrower;

(c) the Bond Purchase Agreement (the “Bond Purchase Agreement”), among the Authority, the Treasurer, as agent for sale on behalf of the Authority, and Robert W. Baird & Co. (the “Underwriter”), and approved by the Borrower and the Charter School; and

(d) the preliminary limited offering memorandum relating to the Bonds (the “Preliminary Limited Offering Memorandum”);

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 Second Supplemental Indenture, the Second Amendment to Loan Agreement, and the Bond Purchase Agreement and by the delivery thereof in the case of the Preliminary Limited Offering Memorandum.

Section 4. The dated date, maturity dates, interest rates, interest payment dates, principal payment dates, denominations, forms, registration privileges, manner of execution, places of payment and other terms of the Bonds shall be consistent with the Act and as provided in the Second Supplemental 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 purchasers 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”), as defined in Rule 144A of the Securities Act of 1933, as amended (the “1933 Act”) or Accredited Investors (“Accredited Investors”), as defined in Regulation D of the 1933 Act, and the sale and transfer restrictions applicable to the Bonds shall be conspicuously noted and described in the Preliminary Limited Offering Memorandum and in the final form of Bonds delivered; 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 such sale and

transfer restrictions shall be conspicuously noted and described in the Preliminary Limited Offering Memorandum 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, 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 and described in the Preliminary Limited Offering Memorandum and in the final form of Bonds delivered; 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.

The Preliminary Limited Offering Memorandum and the final limited offering memorandum (as finally executed, the “Limited Offering Memorandum”) 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 the Preliminary Limited Offering Memorandum in substantially said form in one document or in a separate document for each series of Bonds in substantially said form with such changes as the Underwriter and the Borrower 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 the Limited Offering Memorandum to all actual purchasers of each series of Bonds.

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, sale and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution and the Second Supplemental Indenture, the Second Amendment to Loan Agreement, the Bond Purchase Agreement and the Limited Offering Memorandum. 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 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, 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. 16-19 apply to the documents and actions approved in this Resolution, and such Resolution No. 16-19 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.

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

Dated: March 20, 2017

EXHIBIT A

THE PROJECT

The acquisition and renovation of educational facilities (as defined in the Act) located at 1314 -1342 West Adams Blvd, City of Los Angeles, County of Los Angeles, State of California.