

RESOLUTION NO. 18-07

RESOLUTION OF THE CALIFORNIA SCHOOL FINANCE AUTHORITY AUTHORIZING A LOAN TO THE AUTHORITY IN AN AMOUNT NOT TO EXCEED \$33,000,000, THE ISSUANCE BY THE AUTHORITY OF A PROMISSORY NOTE EVIDENCING THE OBLIGATIONS OF THE AUTHORITY IN CONNECTION WITH SUCH LOAN, AND A LOAN FROM THE AUTHORITY TO HTH LEARNING, TO FINANCE A PROJECT AT BORROWER'S EDUCATIONAL FACILITIES, PROVIDING THE TERMS AND CONDITIONS FOR SUCH LOANS AND PROMISSORY NOTE AND OTHER MATTERS RELATING THERETO, AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH

WHEREAS, the California School Finance Authority (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 receive and accept from any source loans for, or in aid of, the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of educational facilities (as defined in the Act) to be financed or refinanced under the Act (each, a "Project"), and, pursuant to an agreement between the Authority and a participating party (as defined in the Act), including a charter school 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 pursuant to the Act in conjunction with a charter school, make loans to a participating party to finance or refinance a Project in an amount not to exceed the total cost (as defined in the Act) of the Project, as determined by the participating party and approved by the Authority; and

WHEREAS, HTH Learning, a California nonprofit public benefit corporation (the "Borrower"), now seeks from the Authority a loan (the "Authority Loan") to (i) finance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of certain educational facilities in California as described in Exhibit A hereto (as set forth in Exhibit A, the "Borrower's Project"); and (ii) pay certain expenses necessary or incident to such loan and the financing of the Borrower's Project; and

WHEREAS, the Borrower will finance such educational facilities in conjunction with High Tech High Mesa and an anticipated but yet-to-be-established middle school and elementary school, which educational facilities are operated or to be operated by High Tech High, a California nonprofit public benefit corporation and a school under the Charter School Law; and

WHEREAS, the Borrower has identified City National Bank (the "Bank") as the source of a loan to the Authority (the "Bank Loan"), the proceeds of which will provide the capital the Authority will loan to the Borrower in the form of the Authority Loan;

WHEREAS, the Bank requires that the Authority issue its promissory note (the “Authority Note”) to the Bank to evidence the Authority’s obligations to the Bank under the Loan Agreement (defined herein); and

WHEREAS, the Authority Note will be secured by, among other things, an assignment of the Authority’s rights, title and interest in the Borrower Note (as defined in the Loan Agreement), the Borrower’s obligations under which shall be payable from an intercept of certain funds by the Controller of the State of California 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. The following documents (collectively, the “Authority Documents”)

- (a) the Loan Agreement (the “Loan Agreement”) relating to the Bank Loan and the Authority Loan, by and among the Bank, the Authority and the Borrower; and
- (b) the Authority Note of the Authority for delivery to the Bank;

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 any form of credit or liquidity enhancement therefor) as the officer(s) executing and/or delivering the same may require or approve, such approval to be conclusively evidenced by execution and delivery of each of the Authority Documents.

Section 2. (a) The principal amount of the Authority Note may not exceed \$33,000,000, (b) the Authority Note must mature no later than 40 years from the delivery date; and (c) Bank Loan proceeds received under the Loan Agreement must be used to fund the Authority Loan to the Borrower under the Loan Agreement. In accordance with the Bond Issuance Guidelines of the Authority, the Authority Note shall be subject to transfer restrictions as follows: the Authority Note shall be delivered in the aggregate principal amount of the Bank Loan, the initial owner of the Authority Note (the “Initial Owner”) shall be required to execute an Owner Letter substantially in the form appended to the Loan Agreement (the “Owner Letter”), the Initial Owner and all subsequent transferees shall be limited to “accredited investors,” as defined in Regulation D promulgated under the Securities Act of 1933, as amended, and as further limited as described in the Owner Letter, and the sale and transfer restrictions applicable to the Authority Note shall be conspicuously noted in the final form of Authority Note delivered.

Section 3. The dated date, maturity date, interest rate or rates, method of determining the interest rate or rates, interest payment dates, principal payment dates, denominations, forms, registration privileges, manner of execution, places of payment and other terms of the Authority Note shall be consistent with the Act and as

provided in the Authority Note and the Loan Agreement, each as finally executed. The Authority Note may bear a statement certifying that it is issued pursuant to the Act.

Section 4. The Executive Director is directed to seek the advice of bond counsel and Authority counsel regarding changes to the Authority Document forms.

Section 5. Delivery of the Authority Note is conditioned on approval by the Treasurer of the State of California (the "Treasurer"), as agent for sale, of the Loan Agreement and the Authority Note.

Section 6. Each Authority officer is authorized and directed to do any and all things that he or she may deem necessary or advisable to consummate the execution and delivery of the Authority Documents and otherwise to effectuate the purposes of the Authority Documents. 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 Authority Loan.

Section 7. 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 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. This Resolution shall take effect from and after its adoption.

Dated: June 13, 2018

EXHIBIT A

THE BORROWER'S PROJECT

“Borrower’s Project” means the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of the charter school educational facilities known as High Tech High Mesa and an anticipated but yet-to-be-established middle school and elementary school, located or to be located at 5331 Mt. Alifan Drive, San Diego, California 92111