

**RESOLUTION NO. 19-24**

**RESOLUTION OF THE CALIFORNIA SCHOOL FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE ANTICIPATION NOTES IN AN AMOUNT NOT TO EXCEED \$4,000,000 TO FINANCE WORKING CAPITAL FOR ENCORE EDUCATION CORPORATION RELATING TO ENCORE JR./SR. HIGH SCHOOL FOR THE PERFORMING AND VISUAL ARTS, IN SAN BERNARDINO COUNTY**

**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 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 of working capital (as defined in the Act) pursuant to the Act;

**WHEREAS**, Encore Education Corporation (the “Borrower”), a California nonprofit public benefit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), has applied for a loan of proceeds of revenue anticipation notes of the Authority to finance and refinance working capital for a charter school established pursuant to the Charter School Law and operated by the Borrower, Encore Jr./Sr. High School For The Performing And Visual Arts (the “Hesperia School”), located in the City of Hesperia, in San Bernardino County, California;

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

**Section 1.** Pursuant to the Act, revenue anticipation notes (the “Notes”) of the Authority, to be designated generally as the “California School Finance Authority Revenue Anticipation Notes (Encore Education Corporation), Series 2019” 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, on a tax-exempt or federally taxable basis, in an aggregate principal amount not to exceed \$4,000,000. The Notes may, with the consent of the Borrower, be secured by bond insurance, letter(s) of credit or other credit enhancement. The proceeds of the Notes shall be used for any or all of the following purposes: (i) financing and refinancing working capital for the Borrower related to the Hesperia School and (ii) paying certain expenses incurred in connection with the issuance of the Notes.

**Section 2.** The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Notes, at any time within twelve months of the adoption of this Resolution, at a 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, 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 Notes (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”);
- (b) the Loan Agreement relating to the Notes (the “Loan Agreement”), among the Authority and the Borrower;
- (c) the Note Purchase Agreement relating to the Notes (the “Note Purchase Agreement”), among the Authority, the Treasurer, as agent for sale on behalf of the Authority, and Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”), and approved and agreed to by the Borrower; and
- (d) the preliminary limited offering memorandum relating to the Notes (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 Notes) 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 Note Purchase Agreement.

**Section 4.** The dated date, maturity dates (not exceeding 15 months from the 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 Notes shall be as set forth in the Indenture as finally executed. In accordance with the Debt Issuance Guidelines of the Authority, the Notes shall be issued in the authorized denominations and subject to transfer restrictions as set forth below:

- (a) If the Notes 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 Notes (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 Notes 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; 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 Notes 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 Notes delivered and described in the Preliminary Limited Offering Memorandum;
- (b) If the Notes 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, Notes 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 Notes delivered and described in the Preliminary Limited Offering Memorandum; and

- (c) If the Notes are rated "A-" (or its equivalent) by a Rating Agency, the Notes 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 Notes, without the need for execution of an Investor Letter or Letters.

**Section 5.** The Underwriter is hereby authorized to distribute a Preliminary Limited Offering Memorandum in substantially the form on file with the Authority in one document or in a separate document for each series of Notes, with such changes as the Underwriter may approve to persons who may be interested in the purchase of the Notes 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 limited offering memorandum (as finally executed, the "Limited Offering Memorandum") to all actual purchasers of any series of the Notes authorized hereby.

**Section 6.** The Notes, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the Notes by executing the Trustee's certificate of authentication appearing thereon and to deliver the Notes, 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 Notes 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 Notes and otherwise to effectuate the purposes of this Resolution, the Indenture, the Loan Agreement and the Note Purchase Agreement. 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 Notes. The Treasurer (or her designee) is hereby requested and authorized to take any and all actions within her authority as agent for sale of the Notes that she may deem necessary or advisable in order to consummate the issuance, execution, sale and delivery of the Notes, 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. 18-25 apply to the documents and actions approved in this Resolution, and such Resolution No. 18-25 is hereby incorporated by reference.

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

Dated: August 28,2019

