

RESOLUTION NO. 19-27

RESOLUTION OF THE CALIFORNIA SCHOOL FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$35,000,000 TO FINANCE AND/OR REFINANCE THE ACQUISITION, CONSTRUCTION, EXPANSION, REMODELING, RENOVATION, IMPROVEMENT, FURNISHING AND/OR EQUIPPING OF CERTAIN EDUCATIONAL FACILITIES LOCATED IN SAN BERNARDINO COUNTY, CALIFORNIA, FOR USE BY REAL JOURNEY ACADEMIES, INC.

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

WHEREAS, REAL Journey Academies Foundation, Inc. (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, 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 and/or refinance the acquisition, construction, expansion, remodeling, renovation, improvement, furnishing and/or equipping of certain educational facilities located at 26655 Highland Avenue, Highland, California 92346 (the “Project”); (ii) fund any reserve funds, capitalized interest and/or related working capital in connection with such bonds, as necessary; and (iii) pay certain costs of issuance of the bonds; and

WHEREAS, the Borrower will finance such educational facilities to be owned by Real Journey Properties, LLC, a California limited liability company, the sole member of which is the Borrower, and leased to REAL Journey Academies, Inc. (the “Charter School”) which operates public charter schools established pursuant to the Charter School Law; and

WHEREAS, the Borrower has applied for financing under the Act; 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) 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 (Real Journey Academies – Obligated Group) Series 2019” or such other name or names as may be designated in the related Indenture hereinafter approved in Section 3, are authorized to be issued, in one or more series, in an aggregate principal amount not to exceed \$35,000,000. 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, on one or more sale dates, at any time within twelve months of the adoption of this Resolution, at a private or public sale, in such principal amount (not to exceed the aggregate principal amount set forth in Section 1), at such prices, on such date or dates, 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 Indenture of Trust (the “Indenture”) relating to the Bonds between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”);

(b) the Loan Agreement (the “Loan Agreement”) relating to the Bonds, 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 Stifel, Nicolas & Company, Incorporated. (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 Indenture, the 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 (not exceeding 40 years from the date of issue), interest rates, interest payment dates, principal payment dates, denominations, forms, transfer restrictions, 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 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”), 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 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 Limited Offering Memorandum;

(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, the initial sale to the Initial Purchasers and all subsequent transfers shall be made only to QIBs and Accredited Investors, 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.

Section 5. The Underwriter is hereby authorized to distribute the 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 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 final limited offering memorandum (as finally executed, the “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, execution, sale and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution and the Indenture, the 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 and instructions; (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 authorized 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 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 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: September 18, 2019