RESOLUTION NO. 20-29

RESOLUTION OF THE CALIFORNIA SCHOOL FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF SCHOOL FACILITY REVENUE BONDS IN AN AMOUNT NOT TO EXCEED $11,000,000 TO FINANCE THE ACQUISITION, CONSTRUCTION, EXPANSION, REMODELING, RENOVATION, IMPROVEMENT, FURNISHING AND/OR EQUIPPING OF EDUCATIONAL FACILITIES LOCATED IN LOS ANGELES COUNTY, CALIFORNIA FOR USE BY VALUE SCHOOLS

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 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, VSF School Facilities #1 LLC (the "Borrower"), whose sole member is Value Schools Foundation, a California nonprofit public benefit corporation, has leased certain charter school facilities to Value Schools, which operates public charter schools established pursuant to the Charter School Law;

WHEREAS, the Borrower has applied for financing under the Act; and

WHEREAS, the revenue bonds as hereinafter described in Section 1 are expected to be secured by, among other things, an intercept of certain funds (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 School Facility Revenue Bonds (Value Schools), Series 2020" or such other name or names or series or subseries designations 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 $11,000,000. The Bonds may, with the consent of the Borrower, be secured by bond insurance, letter(s) of credit or other credit enhancement. The proceeds of the Bonds shall be used to make a loan to the Borrower for any or all of the following

purposes (1) 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 the charter school educational facilities known as Everest Value School located at 240 North Madison Avenue, Los Angeles, CA 90004 (the "Project"), (2) to pay certain expenses incurred in connection with the issuance of the Bonds, (3) to pay capitalized interest on the Bonds, and (4) to fund a debt service reserve fund and a repair and replacement fund in connection with the Bonds.

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 twelve months of the adoption of this Resolution, at private or public sale, in such aggregate principal amount (which, in the aggregate, shall not 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 Second Supplemental Indenture relating to the Bonds (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee");

(b) the Second Supplemental Loan Agreement relating to the Bonds (the "Loan Agreement"), by and between the Authority and the Borrower;

(c) one or more Bond Purchase Agreement(s) relating to the Bonds (collectively, the "Bond Purchase Agreement"), among the Authority, the Treasurer, as agent for sale on behalf of the Authority, and Piper Jaffray & Co., as underwriter (the "Underwriter"), and approved and agreed to by the Borrower; 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 series of Bonds (whether one or more) and 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 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 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"), either of the following shall apply: (1) minimum authorized denominations shall be $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 the initial sale of the Bonds and all subsequent transfers shall be limited to Qualified Institutional Buyers ("QIBs") and Accredited Investors ("Accredited Investors"), each, as defined in Rule 144A of the Securities Act of 1933, as amended, 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) minimum authorized denominations shall be $100,000, and the Initial Purchasers shall be required to execute the Investor Letter, the initial sale and all subsequent transfers of the Bonds shall be limited to QIBs, and the sale and transfer restrictions with respect to the Bonds 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, both the initial sale and all subsequent transfers shall be made only to QIBs or Accredited Investors, and such sale and transfer restrictions shall be conspicuously noted in the final form of Bonds delivered and described in the Preliminary Limited Offering Memorandum; and

(c) If the Bonds are rated "A-" (or its equivalent) by a Rating Agency, minimum authorized denominations shall be $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, 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 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 Bonds, with such changes as the Underwriter 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 "Limited Offering Memorandum") to all actual purchasers of any series of the 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, 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, the Indenture, the Loan Agreement and the Bond Purchase Agreement. 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 Treasurer (or her 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 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: September 24, 2020

CERTIFICATE OF THE EXECUTIVE DIRECTOR
(Attesting to Action of the Authority)
Sacramento, California

I, Katrina Johantgen, Executive Director of the California School Finance Authority, hereby certify that the foregoing is a full, true and correct copy of Resolution No. 20-29 of the California School Finance Authority, Authorizing the Issuance of School Facility Revenue Bonds in an Amount Not to Exceed $11,000,000 to Finance the Acquisition, Construction, Expansion, Remodeling, Renovation, Improvement, Furnishing and/or Equipping of Educational Facilities Located in Los Angeles County, California for Use by Value Schools, as adopted at a meeting of the California School Finance Authority held at 915 Capitol Mall, Conference Room 110, (Large) Sacramento, California, 95814 on September 24, 2020, for which meeting all of the members of said Authority had due notice; and that at the meeting such Resolution was adopted by the following votes:

AYES:

NOES:

ABSTAINS:

ABSENT:

I further certify that the original minutes of said meeting and a copy of the original Resolution adopted at said meeting are on file in the California School Finance Authority office; and that the Resolution has not been amended, modified, or rescinded in any manner since the date of its adoption, and the same is now in full force and effect.

IN WITNESS WHEREOF, I have executed this certificate and affixed the seal of the California School Finance Authority hereto.

By: _____
Katrina Johantgen, Executive Director

(seal)

_____ ___, 2020