



HEARTLAND CHARTER SCHOOL

5060 California Avenue #420, Bakersfield, California 93309

Phone (616) 525-1176 * Fax (616) 465-4544

**Special Board Meeting
Heartland Charter School
February 2, 2018 – 4:00 p.m. – 4:30 p.m.
5060 California Avenue #420
Bakersfield, CA 93309**

Through Teleconference

**Tony Miranda
5905 Friant Dr.
Bakersfield, CA 93308**

**Nick Righetti
6304 Derby Dr.
Bakersfield, CA 93306**

**Shona Hall
1128 Radcliff Ave
Bakersfield, CA 93305**

**Nikki Sanchez
5914 Siena Lane
Bakersfield, CA 93308**

**Kim Jones
9715 Gold Dust Dr.
Bakersfield, CA 93311**

AGENDA

1. Call to Order
2. Public Comment
3. Adoption of resolutions approving loans to be made to the Corporation by the California School Finance Authority from the proceeds of the issuance of taxable bonds, approving the execution and performance of documents and agreements related thereto, and ratifying the election of officers of the Corporation.
4. Adjournment

Public comment rules: Members of the public may address the Board on agenda or non-agenda items. Please fill out a yellow card available at the entrance. Speakers may be called in the order that requests are received, or grouped by subject area. We ask that comments are limited to 2 minutes each, with no more than 15 minutes per single topic so that as many people as possible may be heard. By law, the Board is allowed to take action only on items on the agenda. The Board may, at its discretion, refer a matter to district staff or calendar the issue for future discussion.

Note: Heartland Charter School Governing Board encourages those with disabilities to participate fully in the public meeting process. If you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in the public meeting, please contact the Governing Board Office at 818-207-3837 at least 48 hours before the scheduled board meeting so that we may make every reasonable effort to accommodate you. (Government Code § 54954.2; Americans with Disabilities Act of 1990, § 202 (42 U.S.C. § 12132)).

HEARTLAND CHARTER SCHOOL
RESOLUTIONS OF THE BOARD OF DIRECTORS
(Revenue Notes Series 2019A)

WHEREAS, (a) Inspire Charter School – Los Angeles (“INSPL”) is a California nonprofit public benefit corporation organized for charitable purposes that operates a charter school known as Inspire Charter School, (b) Inspire Charter Schools – Winship-Central (“INSPWC”) is a California nonprofit public benefit corporation organized for charitable purposes that operates the charter schools known as Winship Community Charter School (“INSPW”) and Inspire Charter School – Central (“INSPC”), (c) Clarksville Charter School (“INSPV”) is a California nonprofit public benefit corporation organized for charitable purposes that operates a charter school known by that same name, (d) Pacific Coast Academy (“INSPLL”) is a California nonprofit public benefit corporation organized for charitable purposes that operates a charter school known by that same name that was formerly known as Learning Latitudes Charter School, and (e) Heartland Charter School (“INSPH” or the “Corporation” and, collectively with INSPL, INSPWC, INSPV, and INSPLL, the “Borrowers”) is a California nonprofit public benefit corporation organized for charitable purposes that operates a charter school known by that same name;

WHEREAS, each of INSPL, INSPC, INSPV, INSPLL, and INSPH (each, a “School” and, collectively, the “Schools”) provides educational services to students in advance of receiving payment for such services from the State of California, as a result of which the School may require working capital financing;

WHEREAS, the Borrowers propose that the Borrowers will borrow an aggregate amount not to exceed \$30,000,000 from the proceeds of the issuance of California School Finance Authority Revenue Notes (Inspire Charter Schools) Series 2019A (Taxable) (the “Notes”) by the California School Finance Authority (the “Authority”) pursuant to the terms of (a) an Indenture between the Authority and Wilmington Trust, National Association, as trustee (the “Trustee”), and (b) a Loan Agreement (the “Loan Agreement”) among the Authority and the Borrowers.

WHEREAS, the Borrowers propose to use the proceeds of the borrowing under the Loan Agreement (a) to finance working capital for the Borrowers and (b) to pay certain expenses incurred in connection with the issuance of the Notes.

WHEREAS, the Borrowers propose that the obligations of the Borrowers under the Loan Agreement will be secured by each Borrower’s pledge of all or portions of its gross revenues and supported by intercepts of portions of each School’s general purpose apportionment pursuant to Section 17199.4(a)(1) of the Education Code of the State of California (collectively, the “Intercept”);

WHEREAS, in connection with the foregoing, a Preliminary Limited Offering Memorandum (the “Preliminary Limited Offering Memorandum”), and a Limited Offering Memorandum (the “Limited Offering Memorandum”) will be prepared to furnish information

with respect to the sale and delivery of the Notes, and the Borrowers will undertake pursuant to a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) to provide annual reports and notices of certain events relating to the Notes;

WHEREAS, Piper Jaffray & Co. (the “Underwriter”) proposes to underwrite the Notes pursuant to a note purchase agreement (the “Note Purchase Agreement”), by and among the Underwriter, the Honorable Fiona Ma, Treasurer of the State of California, as agent for sale, the Authority, and the Borrowers;

WHEREAS, the Board of Directors of the Corporation (the “Board”) finds that the terms of the foregoing transactions (collectively, the “Transactions”), are fair and reasonable as to the Corporation, under the circumstances, are in the best interests of the Corporation, and in furtherance of the charitable purposes of the Corporation; and

WHEREAS, the Board desires that the Borrowers take all actions necessary or advisable to facilitate the Transactions;

NOW, THEREFORE, BE IT RESOLVED, that the Board approves, confirms, and ratifies the election or appointment of the following individuals to the offices of the Corporation set forth after their names:

Anthony Miranda
Shona Hall
Nick Righetti

Chief Executive Officer
Secretary
Chief Financial Officer

RESOLVED FURTHER, that the Board approves the Transactions and authorizes the execution, delivery and performance by the Corporation of the documents and agreements listed on Schedule 1 attached hereto (collectively, the “Primary Transaction Documents”), and all such other documents, instruments and agreements as may be necessary or advisable to facilitate the Transactions (collectively, the “Transaction Documents”);

RESOLVED FURTHER, that the Board appoints the officers of the Corporation, and each of them individually (each, an “Authorized Signatory”), as authorized signatories of the Corporation for purposes of executing the Transaction Documents on behalf of the Corporation;

RESOLVED FURTHER, that the Authorized Signatories, and each of them individually, are authorized and directed, for and in the name and on behalf of the Corporation, to execute, deliver, approve, and, as appropriate, declare final the Transaction Documents, in such forms as may have been presented to the Board for approval or with such amendments or modifications thereto as an Authorized Signatory may approve as necessary or advisable, and all such other note purchase agreements, indentures, loan agreements, promissory notes, security agreements, account control agreements, tax certificates, tax and regulatory compliance agreements, offering memoranda, disclosure agreements, assignments, indemnification agreements, guaranties, subordination agreements, letters of representation, notices, certificates, and other documents, agreements, or instruments or amendments to any of the foregoing, as an Authorized Signatory may approve as necessary or advisable to facilitate the Transactions, each with such additions, deletions or changes therein as the Authorized Signatory executing the same

shall approve (the execution and delivery thereof by any such Authorized Signatory to be conclusive evidence of his or her approval of any such document, agreement, instrument, amendment, addition, deletion or change);

RESOLVED FURTHER, that, pursuant to Section 17199.4(a)(1) of the Education Code of the State of California, the Board elects to participate in the Intercept to secure payment of the principal of and interest on the Notes in amounts not exceeding the amounts due under the Loan Agreement, and the Authorized Signatories, and each of them individually, are authorized and directed, for and in the name and on behalf of the Corporation, to provide notice (the “Intercept Notice”) to the State Controller of the State of California or other applicable state agency of the State of California of such election of the Board;

RESOLVED FURTHER, that the Corporation ratifies and confirms the acts of its officers, agents or employees taken on behalf of the Corporation in connection with the Transactions;

RESOLVED FURTHER, that by the adoption of these resolutions, the Board reconfirms, ratifies and adopts all prior actions of the Board which may have previously been taken in connection with the Transactions;

RESOLVED FURTHER, that all prior resolutions of the Board or any parts thereof in conflict with any or all of the foregoing resolutions are repealed to the extent of such conflict;

RESOLVED FURTHER, that these resolutions shall take effect and be in full force immediately after their adoption by the Board; and

RESOLVED FURTHER, that the Authorized Signatories, and each of them individually, are authorized and directed, for and in the name and on behalf of the Corporation, to approve, execute and deliver any and all documents, instruments and agreements, and to perform or cause to be performed any and all acts as may, in their judgment, be necessary or desirable to accomplish the purposes of the foregoing resolutions and the transactions contemplated thereby and by the agreements therein approved, and any such documents, instrument or agreements so executed and delivered or actions taken by them or any of them shall be conclusive evidence of their authority in so doing.

Certificate of Secretary

The undersigned certifies that the undersigned is the duly appointed and acting Secretary of Heartland Charter School (the "Corporation"), a California nonprofit public benefit corporation, and that the foregoing is a true and correct copy of Resolutions that were duly adopted on _____, 2019, by the majority vote of the directors of the Corporation then in office at a meeting of the board of directors of the Corporation duly held on such date in compliance with the bylaws of the Corporation, in compliance with the notice, agenda, and open meeting requirements of the Ralph M. Brown Act, and while a quorum was present.

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary of the Corporation this ____ day of _____ 2019.

Shona Hall, Secretary

Schedule 1
Transaction Documents

1. Note Purchase Agreement.
2. Indenture.
3. Loan Agreement.
4. Continuing Disclosure Agreement.
5. Tax Certificate and Agreement.
6. Intercept Notices.
7. Preliminary Limited Offering Memorandum.
8. Limited Offering Memorandum.

HEARTLAND CHARTER SCHOOL

CERTIFICATE OF SECRETARY

(Revenue Notes Series 2019A)

February __, 2019

The undersigned Secretary of **HEARTLAND CHARTER SCHOOL**, a California nonprofit public benefit corporation (the “Corporation”), hereby certifies the following as of the above date in connection with the issuance of California School Finance Authority Revenue Notes (Inspire Charter Schools) Series (the “Notes”) pursuant to an Indenture dated as of February 1, 2019 (the “Indenture”), by and between the California School Finance Authority (the “Issuer”) and Wilmington Trust National Association, and the related loan (the “Loan”) made or to be made to (a) Inspire Charter School – Los Angeles (“INSPL”), a California nonprofit public benefit corporation, (b) Inspire Charter Schools – Winship-Central (“INSPWC”), a California nonprofit public benefit corporation, (c) Clarksville Charter School (“INSPV”), a California nonprofit public benefit corporation, (d) Pacific Coast Academy (“INSPLL”), a California nonprofit public benefit corporation, and (e) Heartland Charter School (“INSPH” and, collectively with INSPL, INSPWC, INSPV, and INSPLL, the “Borrowers”) by the Issuer:

1. Capitalized terms used herein (including in the schedules attached hereto) and not otherwise defined herein shall have the respective meanings ascribed to them in the Indenture.

2. The undersigned is the duly elected and acting Secretary of the Corporation and, as such officer, has access to and control over the Corporation's records and is familiar with the matters certified herein.

3. The undersigned acknowledges that, in rendering a legal opinion in connection with the issuance of the Notes and the making of the Loan, Musick, Peeler & Garrett LLP (“MPG”) is entitled to rely and has, in fact, relied on the information contained herein, and that the Noteholders and other parties to the transactions contemplated by the Borrower Documents (the “Transactions”) are entitled to rely and have, in fact, relied on the information contained herein.

4. On the date hereof, the persons listed on **Schedule 1** attached hereto hold the offices or positions with the Corporation set forth after their names, and the signatures appearing at the right of their names are their genuine signatures.

5. Attached hereto as **Exhibit A** are true, correct and complete copies of the Articles of Incorporation of the Corporation, and all amendments thereto, if any, filed with the Secretary of State of the State of California, which Articles of Incorporation have not been further amended and are in full force and effect on the date hereof. No proceedings for the amendment, modification or rescission thereof are pending or contemplated and no action has been taken by the Corporation in contemplation of the liquidation or dissolution of the Corporation.

6. Attached hereto as **Exhibit B** are true, correct and complete copies of the current Bylaws of the Corporation, and all amendments thereto, if any, which Bylaws have not been further

amended and are in full force and effect on the date hereof. No proceedings for the amendment, modification or rescission thereof are pending or contemplated.

7. Attached hereto as **Exhibit C** is a true, correct and complete copy of a Certificate of Status of the Corporation issued by the Secretary of State of the State of California. To the best knowledge of the undersigned, the Corporation has, from the date of the good standing certificate, remained in good standing under the laws of such State.

8. Attached hereto as **Exhibit D** is a true, correct and complete copy of an Entity Status Letter for the Corporation issued by the California Franchise Tax Board.

9. Attached hereto as **Exhibit E** is a true, correct and complete copy of Resolutions of the Board authorizing the execution, delivery and performance of all documents to be executed by the Corporation in connection with the issuance of the Notes and the making of the Loan, which Resolutions have not been repealed, revoked, rescinded or amended in any respect and remain in full force and effect as of the date hereof.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Secretary as of the date first written above.

Shona Hall

The undersigned President of the Corporation certifies that the above signature is the genuine signature of the Secretary of the Corporation.

Anthony Miranda

SCHEDULE 1
OFFICERS

Anthony Miranda

President

(Signature)

Shona Hall

Secretary

(Signature)

Nick Righetti

Treasurer

(Signature)

EXHIBIT A
ARTICLES OF INCORPORATION
(See attached)

EXHIBIT B

BYLAWS

(See attached)

EXHIBIT C
CERTIFICATE OF STATUS
(See attached)

EXHIBIT D
ENTITY STATUS LETTER
(See attached)

EXHIBIT E
RESOLUTIONS
(See attached)

INTERCREDITOR AND SUBORDINATION AGREEMENT

THIS INTERCREDITOR AND SUBORDINATION AGREEMENT ("Agreement") dated as of February [x], 2019 is entered into by and among (i) Charter School Capital, Inc. ("CSC"), (ii) Wilmington Trust, National Association, a national banking association ("Wilmington"), solely in its capacity as trustee ("Trustee") under the Indenture (the "Indenture") dated as of February 1, 2019, by and between the California School Finance Authority and Wilmington relating to California School Finance Authority Revenue Notes (Inspire Charter Schools) Series 2019 (Taxable) (the "Notes") and (iii) Inspire Charter School – Los Angeles, Inspire Charter Schools – Winship-Central, Clarksville Charter School, Pacific Coast Academy formerly d/b/a Learning Latitudes Charter School, and Heartland Charter School (collectively, the "Inspire Schools" or "Debtors").

RECITALS

A. Pursuant to one or more Receivables Purchase Agreements, including all amendments, supplements or restatements thereto (each an "RPA"), between CSC, as purchaser, and each of the Inspire Schools, each a seller, CSC has purchased various charter school receivables ("Purchased Receivables") from each Inspire School (as described on Schedule 1 attached hereto) upon the terms and subject to the conditions set forth in each respective RPA and related terms letters, bills of sale and other documents or agreements executed or delivered in connection with the RPA (collectively, the "CSC Agreements"). As of the date of this Agreement, the aggregate amount of outstanding Purchased Receivables is [\$] and such amounts are expected to be paid in full on or about May 15, 2019.

B. By virtue of CSC's ownership of the Purchased Receivables, CSC has a "security interest" in the Purchased Receivables as defined in Division 9 of the California Uniform Commercial Code (the "Purchased Receivables Liens").

C. Additionally, the performance of certain obligations of each Inspire School under the applicable CSC Agreements to which the Inspire School is a party is secured by certain other assets of such Inspire School as described in the applicable CSC Agreements and each financing statement covering such collateral, including but not limited to accounts, general intangibles, moneys, deposit accounts, and other funds in the possession or under the control of such Inspire (collectively, the "CSC Blanket Liens"), and together with the Purchased Receivables Liens, the "CSC Collateral"):

D. As a condition to the purchase of Purchased Receivables by CSC from the Inspire Schools, each Inspire School has instructed each obligor to direct payments owing by such obligor in respect of Purchased Receivables to either: (i) the paying agency account ("Paying Agency Account") identified in each Paying Agency Agreement among CSC, each Inspire School, and U.S. Bank National Association, as paying agent, or (ii) if applicable, the blocked account identified in each Account Control Agreement among CSC, each Inspire School, and the depository bank named therein, with direction to such depository bank to transfer required amounts into the Paying Agency Account and/or distribute to each respective Inspire School, as directed by CSC (together, the "CSC Payment Instructions").

E. Pursuant to the terms of the Indenture, CSFA is anticipated to issue the Notes in the original principal amount of [\$_____], the proceeds of which are anticipated to be loaned to the Inspire Schools by CSFA pursuant to the terms of a Loan Agreement (the "Loan Agreement") dated as of February 1, 2019, by and among CSFA, as lender, and the Inspire Schools, as borrower.

F. The Notes are secured, in part, by (i) a pledge and assignment of Payments (as defined in the Indenture), including without limitation, all amounts of money received by the Trustee with respect to

IN WITNESS WHEREOF, the parties have caused this Intercreditor and Subordination Agreement to be duly executed as of the date first above written.

**CHARTER SCHOOL CAPITAL, INC.,
a Delaware corporation**

By: _____
Name: Brad Coburn
Title: Chief Financial Officer

**WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee**

By: _____
Name: Jeannie Mar
Title: Authorized Signatory

CONSENT OF DEBTOR (INSPIRE CHARTER SCHOOL – LOS ANGELES)

The undersigned, Alice Wong, the President of Inspire Charter School - Los Angeles, hereby consents, acknowledges and agrees to the terms and conditions of this Intercreditor and Subordination Agreement, as of the date first indicated above.

By: _____
Name: Alice Wong
Title: President

CONSENT OF DEBTOR (INSPIRE CHARTER SCHOOLS – WINSHIP-CENTRAL)

The undersigned, Shonna Franzella, the President of Inspire Charter Schools – Winship-Central, hereby consents, acknowledges and agrees to the terms and conditions of this Intercreditor and Subordination Agreement, as of the date first indicated above.

By: _____
Name: Shonna Franzella
Title: President

CONSENT OF DEBTOR (CLARKSVILLE CHARTER SCHOOL)

The undersigned, Emily Allen, the President of Clarksville Charter School, hereby consents, acknowledges and agrees to the terms and conditions of this Intercreditor and Subordination Agreement, as of the date first indicated above.

By: _____
Name: Emily Allen
Title: President

CONSENT OF DEBTOR (PACIFIC COAST ACADEMY)

The undersigned, Karra Gordon, the President of Pacific Coast Academy, hereby consents, acknowledges and agrees to the terms and conditions of this Intercreditor and Subordination Agreement, as of the date first indicated above.

By: _____
Name: Karra Gordon
Title: President

CONSENT OF DEBTOR (HEARTLAND CHARTER SCHOOL)

The undersigned, Anthony Miranda, the President of Heartland Charter School, hereby consents, acknowledges and agrees to the terms and conditions of this Intercreditor and Subordination Agreement, as of the date first indicated above.

By: _____
Name: Anthony Miranda
Title: President

**CALIFORNIA SCHOOL FINANCE AUTHORITY
REVENUE NOTES
(INSPIRE CHARTER SCHOOLS)
SERIES 2019 (TAXABLE)**

**CERTIFICATE OF HEARTLAND CHARTER SCHOOL
AS TO FINALITY OF PRELIMINARY LIMITED OFFERING MEMORANDUM**

I hereby certify that I am the President of Heartland Charter School (“INSPH”), and as such I am authorized to execute this Certificate on behalf of INSPH.

I hereby further certify that there has been delivered to Piper Jaffray & Co., as underwriter (the “Underwriter”) of California School Finance Authority Revenue Notes (Inspire Charter Schools) Series 2019 (Taxable) (collectively, the “Notes”) a preliminary Limited Offering Memorandum relating to the Notes, dated the date hereof (including the cover page and all appendices thereto, the “Preliminary Limited Offering Memorandum”), which INSPH deems to be final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), except for information permitted to be omitted therefrom by Rule 15c2-12.

INSPH hereby approves of the use and distribution by the Underwriter of the Preliminary Limited Offering Memorandum.

Dated: _____, 2019

HEARTLAND CHARTER SCHOOL, a California
nonprofit public benefit corporation

By: _____
Anthony Miranda
President

§ _____
CALIFORNIA SCHOOL FINANCE AUTHORITY
REVENUE NOTES
(INSPIRE CHARTER SCHOOLS)
SERIES 2019A (TAXABLE)

CLOSING CERTIFICATE OF HEARTLAND CHARTER SCHOOL

Dated: February 11, 2019

The undersigned, a duly authorized representative of Heartland Charter School, a California nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “Borrower”), in connection with the issuance, sale and delivery by the California School Finance Authority (the “Authority”) of the above-captioned notes (the “Notes”) does hereby certify as of the date hereof on behalf of the Borrower, as follows (capitalized terms used and not defined in this Certificate shall have the respective meanings given thereto in the within-defined Indenture):

1. Attached hereto as **Exhibit A** is a true, correct and complete copy of the resolution of the Borrower, duly adopted on February 2, 2019, by the Board of Directors of the Borrower (the “Resolution”). Said resolution has not been amended, altered or repealed and is in full force and effect on the date hereof.

2. The documents executed and delivered by the Borrower in connection with the Bonds, including (but not limited to) the documents and instruments listed below (collectively, the “Borrower Documents”) have been duly executed and delivered by the Borrower, in the name of and on behalf of the Borrower in its respective capacities (as specified therein), pursuant to and in full compliance with authority granted by the Board of Directors of the Borrower and the Resolution, and has not been amended, modified or rescinded as of the date hereof.

| <u>DOCUMENT</u> | <u>DATED DATE</u> | <u>PARTIES</u> |
|---|-------------------|---|
| Loan Agreement | February 1, 2019 | Authority and Borrower and other Borrowers |
| Intercreditor and Subordination Agreement | February __, 2019 | Charter School Capital, Inc., the Trustee, and Borrower and other Borrowers |
| Note Purchase Agreement | February __, 2019 | Underwriter, the Authority, the Treasurer, and Borrower and other Borrowers |

| <u>DOCUMENT</u> | <u>DATED DATE</u> | <u>PARTIES</u> |
|--|-------------------|--|
| Requisitions of applicable account of Working Capital Fund | February __, 2019 | Borrower |
| Continuing Disclosure Agreement | February __, 2019 | Borrower and other Borrowers, and Heartland Charter School |
| Limited Offering Memorandum | February __, 2019 | Borrower and other Borrowers |

3. The form, terms and provisions of the Borrower Documents and the maturity, interest rate, redemption terms and sale price of the Bonds, all as provided in the Indenture and said Borrower Documents, are hereby, in all respects, approved.

4. To the best of its knowledge, no events have occurred or failed to occur which, with the lapse of time or the giving of notice, or both, would constitute or result in default in the performance of any of the Borrower's warranties, representations or undertakings contained in any of the Borrower Documents.

5. All conditions required to be satisfied or performed under the terms of the Borrower Documents, prior to the sale of the Notes and the issuance of the Notes, have been duly satisfied and performed.

6. The Borrower is a nonprofit public benefit corporation duly organized and validly existing under the laws of the State of California. The Borrower has full power and authority to engage in the business and activities conducted or proposed to be conducted by it with respect to the Project, to execute and deliver the Borrower Documents, to be bound by the terms of the Borrower Documents and the Indenture, to perform its obligations thereunder, including the making of payments as provided in the Borrower Documents, and to authorize the use of the Preliminary Limited Offering Memorandum, dated February __, 2019, (the "Preliminary Limited Offering Memorandum"), and the Limited Offering Memorandum, dated February __, 2019 (the "Limited Offering Memorandum") relating to the Notes and to execute and deliver such other documents as may be reasonably necessary to perform its obligations under the Borrower Documents and the Indenture.

7. The Borrower has duly authorized the execution and delivery of the Borrower Documents and it has obtained all necessary consents and/or approvals to carry out its obligations under the same and by doing so is not in violation of or in default under (i) any of the terms or provisions of its articles of incorporation or bylaws, or any indenture, mortgage, lien, agreement, contract, deed, lease, loan agreement, note, order, judgment, decree or other instrument or restriction of any kind or character to which it is a party or by which it or its properties are bound, or to which it or any of its assets are subject, or (ii) to the best of its knowledge, any constitutional or statutory provision or order, rule, regulation, decree, or ordinance of any court, government, or governmental body to which the Borrower or any of its properties, in any material respect, is

subject, wherein a default or violation of any of the above in (i) or (ii) would adversely affect the transactions contemplated by or the validity of the Borrower Documents or the Bonds; and the execution and delivery of the Borrower Documents and compliance with the terms, conditions and provisions of the Borrower Documents will not conflict with, result in the breach of, or constitute a default under any of the foregoing.

8. There is no default by the Borrower in the payment of the principal of or interest on any of its indebtedness for borrowed money or under any instrument or agreement under and subject to which any indebtedness for borrowed money has been incurred; no event has occurred and is continuing under the provisions of any such instrument or agreement which with the lapse of time or the giving of notice, or both, would constitute an event of default thereunder.

9. The representations and warranties of the Borrower contained herein and in the Borrower Documents are true and accurate on and as of the date hereof. The Borrower has complied or is presently in compliance with agreements and satisfied all conditions on its part to be observed or satisfied under the Borrower Documents and the Indenture at or prior to the date hereof. Subsequent to the dates as of which information is given in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum and prior to and including the date hereof, there has been no material adverse change in the financial position or results of operation of the Project or the business, properties, condition (financial or other) or results of operations of the Borrower or any School, whether or not arising from transactions in the ordinary course of business, nor has the Borrower incurred any material liability with respect to the Facilities or the operations of the Borrower other than in the ordinary course of business, except as described in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum and used in connection with the sale of the Bonds.

10. The Borrower is not in default in the performance of any of the covenants, agreements or provisions contained in the Borrower Documents and applicable to the Borrower or the Landlord.

11. To the best knowledge of the undersigned, no event as occurred since the date of the Limited Offering Memorandum which either makes untrue or incorrect in any material respect as of the date hereof any statement or information (other than the information provided by the Authority in the "THE AUTHORITY" portion of the Limited Offering Memorandum, the information provided by the Underwriter in the "UNDERWRITING" portion of the Limited Offering Memorandum and the information regarding The Depository Trust Company in the Limited Offering Memorandum) contained in the Limited Offering Memorandum or is not reflected in the Limited Offering Memorandum but should be reflected therein in order to make the statements and information therein, in the light of the circumstances under which they were made, not misleading.

12. Except as described in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, there is no legal action, suit, proceeding, inquiry, or investigation at law or in equity, before or by any court, agency, arbitrator, public board, or body or other entity or person, pending or, to the Borrower's knowledge, overtly threatened against or affecting the Borrower, nor any basis therefor, (i) which seeks to restrain or enjoin the issuance or delivery of

the Bonds, or (ii) which seeks to in any way contest the organization or existence of the Borrower or the ability of the officers and directors of the Borrower to act on behalf of the Borrower, or (iii) which seeks to contest or, if determined adversely against the Borrower, would have a material and adverse effect upon (A) the due performance by the Borrower of the transactions contemplated by the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, the Borrower Documents or the Indenture, (B) the validity or enforceability of the Borrower Documents or any other agreement or instrument to which the Borrower is a party and that is used or contemplated hereby or thereby, (C) the exclusion from gross income for federal income tax purposes of interest on the Bonds, or (iv) which contests in any way the completeness or accuracy of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, or (v) wherein an unfavorable decision, ruling, or finding would have a material adverse effect upon the financial condition or operations of the Borrower. The Borrower is not subject to any judgment, decree, or order entered in any lawsuit or proceeding brought against it that would have a material adverse effect upon the financial conditions or operations of the Borrower.

13. All consents, approvals, authorizations, or orders of, notices to, or filings, registrations, or declarations with, any court or governmental authority, board, agency, commission, or body having jurisdiction which are required on behalf of the Borrower for the execution and delivery by the Borrower of the Borrower Documents or the consummation by the Borrower of the transactions contemplated thereby and by the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum have been obtained.

14. There is no litigation or proceeding pending, or to the Borrower's knowledge, overtly threatened, challenging the validity of the Borrower Documents or seeking to restrain or enjoin the transactions contemplated by the Borrower Documents, the Indenture or the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum or the performance of the Borrower's obligations thereunder, or challenging the Project and other purposes to be financed by these proceedings, or in any way contesting the corporate existence or powers of the Borrower.

15. The Borrower Documents have been duly authorized, executed and delivered by the Borrower, are in full force and effect, and are legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except to the extent enforceability may be limited by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of creditors' rights and by the application of general principles of equity.

16. The Articles of Incorporation and Bylaws of the Borrower attached here as **Exhibit B** are true, correct, complete and in full force and effect as of this date without further amendment and no proceedings for the liquidation or dissolution of the Borrower have been instituted or are pending or to the best of the Borrower's knowledge threatened.

17. Attached hereto as **Exhibit C** are the Good Standing Certificates of the Borrower from the Secretary of State, which standing has not been revoked as of the date hereof and no proceedings have been instituted or, to the knowledge of the Borrower, are threatened which would jeopardize the standing of the Borrower as set forth in such Good Standing Certificate.

18. Attached hereto as **Exhibit D** is the entity status letter of the Franchise Tax Board of the State, which has not been revoked as of the date hereof and no proceedings have been instituted or, to the knowledge of the Borrower, are threatened which would jeopardize the standing of the Borrower as set forth therein.

19. The Borrower hereby confirms that for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the “Rule”) that the Preliminary Limited Offering Memorandum was deemed final as of its date.

20. All resolutions necessary to be adopted in connection with the transactions contemplated by the Limited Offering Memorandum have been adopted, have not been amended, modified or rescinded, and are in effect as of the date hereof.

21. Any certificate signed by the Borrower and delivered in connection with the transactions contemplated by the Limited Offering Memorandum pertaining to the Bonds shall be deemed to be a representation and warranty by the Borrower to the Underwriter and the Authority as to the representations made and information furnished by the Borrower therein.

22. The sum of the amount borrowed to finance working capital and the interest payable on the working capital for the Borrower does not exceed 85 percent of the estimated amount of income, revenue, cash receipts, and other funds to be received by the Borrower, which will be available during the term of the Loan, for the repayment of the Loan and interest on the Loan.

23. During the term of the Loan, the Borrower will receive or otherwise have (without additional borrowing) sufficient funds to repay and discharge the Loan, based on all funds received by the Borrower and future projections upon historical experience and reasonable expectations.

24. The Authorized Representative(s) who is initially designated to sign documents on behalf of the Borrower, in its capacity as Borrower under the Loan Agreement, with respect to the related documents is:

Anthony Miranda, President

This Certificate may be relied upon by Musick, Peeler & Garrett LLP in rendering its legal opinion (the “Opinion”) addressed to the Authority and the Underwriter in connection with the Transaction and may be delivered to, and relied upon by, the Authority, WTNA and the Underwriter in connection with the Bonds and the Opinion.

[Remainder of page intentionally blank]

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first written above.

HEARTLAND CHARTER SCHOOL,
a California nonprofit public benefit corporation

By: _____
Anthony Miranda
President

LIST OF EXHIBITS

EXHIBIT A BORROWER'S RESOLUTION
EXHIBIT B ARTICLES AND BYLAWS
EXHIBIT C GOOD STANDING CERTIFICATES
EXHIBIT D ENTITY STATUS LETTER

Notice to the State Controller Pursuant to Education Code Section 17199.4

February 11, 2019

Re: California School Finance Authority Revenue Notes (Inspire Charter Schools)
Series 2019A

WHEREAS, Heartland Charter School, a California nonprofit public benefit corporation (the “Borrower”) has entered into a Loan Agreement, dated as of February 1, 2019, among the California School Finance Authority (the “Issuer”) and five nonprofit public benefit corporations, including the Borrower, providing for a loan (the “Loan”) for the financing, in part, of working capital for the Borrower;

WHEREAS, the Borrower operates Heartland Charter, a school established pursuant to the Charter Schools Act of 1992, as amended, constituting Part 26.8 (commencing with Section 47600) of Division 4 of Title 2 of the Education Code of the State of California (CDS #15 63628 0138131); and

WHEREAS, the Issuer has issued its above-referenced revenue notes (the “Notes”) to fund the Loan;

NOW THEREFORE, NOTICE IS HEREBY GIVEN PURSUANT TO SECTION 17199.4(c)(2) OF THE EDUCATION CODE OF THE STATE OF CALIFORNIA TO THE STATE CONTROLLER OF THE STATE OF CALIFORNIA (the “State Controller”), that:

1. The governing board of the Borrower has elected, pursuant to a resolution adopted on February 2, 2019 and Section 17199.4(c)(1) of the Education Code, to direct the State Controller to make transfers at the times and in the amounts (or such lesser amounts as are available to transfer) in the “State Intercept” column set forth on Schedule I attached hereto, directly to Manufacturers Traders Trust Company. If the amount transferred on any transfer date is less than the amount in the “State Intercept” column set forth on Schedule I attached hereto, then such deficiency shall be added to subsequent transfers until no deficiency remains.

2. The Borrower hereby represents and certifies that it is not submitting the notice for the purpose of accelerating the Borrower’s receipt of apportionments under Section 42238.02 of the Education Code of the State of California.

3. Transfers pursuant to paragraph 1 above shall be paid by wire transfer of immediately available funds to:

Manufacturers Traders Trust Co.
1100 North Market Street
Rodney Square North
Wilmington, DE 19890
ABA #: 031100092
A/C #: 133924-000
Account Name: CSFA Inspire Revenue Fund
Attn: Jeanie Mar

(Remainder of page intentionally left blank)

HEARTLAND CHARTER SCHOOL,
a California nonprofit public benefit corporation

By: _____
Name: Anthony Miranda
Its: President

Schedule I

Intercept Payment Payees, Amounts and Dates

[SCHEDULE ATTACHED]

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STATE OF CALIFORNIA
STATE CONTROLLER'S OFFICE
ELECTRONIC FUNDS TRANSFER AUTHORIZATION

FAM 34 (Rev. 02/17)

SECTION A

| | |
|--|----------------|
| 1. TYPE OF ENROLLMENT ACTION 1. <input type="checkbox"/> NEW 2. <input type="checkbox"/> CHANGE 3. <input type="checkbox"/> CERTIFICATION 4. <input type="checkbox"/> CANCEL | 2. ENTITY NAME |
|--|----------------|

SECTION B

| | | | | | | | | | | |
|---|------------------|--|--|--|--|--|--|--|--|-----------------------------|
| 1. TYPE OF ACCOUNT <input type="checkbox"/> C (Checking) <input type="checkbox"/> S (Savings) | | | | | | | | | | |
| 2. ROUTING NUMBER <table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table> | | | | | | | | | | 3. DEPOSITOR ACCOUNT NUMBER |
| | | | | | | | | | | |
| 4. FINANCIAL INSTITUTION NAME | | | | | | | | | | |
| 5. BRANCH NUMBER OR NAME | Telephone Number | | | | | | | | | |
| 6. FINANCIAL INSTITUTION ADDRESS Number and Street | City State Zip | | | | | | | | | |

SECTION C

| | |
|---|--------------------|
| 1. CHECK APPROPRIATE BOX <input type="checkbox"/> Authorize direct deposit of payments due the entity named in Section A into the designated account. <input type="checkbox"/> Cancel direct deposit for the entity named in Section A. | |
| 2. CERTIFICATION <input type="checkbox"/> I certify that the entire amounts authorized to be received by this account are not subject to be transferred to a foreign bank account. If this box is not checked, the State Controller's Office will issue all payments by <u>warrant only</u> . | |
| AUTHORIZED SIGNATURE FOR THE ENTITY NAMED IN SECTION A | PRINT OR TYPE NAME |
| TELEPHONE NUMBER | DATE |

GENERAL INSTRUCTIONS

- To enroll for direct deposit of payments by the State Controller's Office, complete Sections A, B, and C of this form.
- To change, certify, or cancel your existing direct deposit information, complete Sections A, B, and C of this form.
- Contact your financial institution for your routing number and depositor account number.
- Your direct deposit will continue to be deposited into your designated account at your financial institution until the State Controller's Office is notified that you wish to redesignate your account and/or your financial institution. To redesignate, complete and submit a new form with the new information. **DO NOT CLOSE YOUR OLD ACCOUNT UNTIL YOUR FIRST PAYMENT IS DEPOSITED INTO YOUR NEWLY DESIGNATED ACCOUNT AND/OR FINANCIAL INSTITUTION.**
- This authorization remains in full force and effect until the State Controller's Office receives written notification from the entity of its termination, or until the State Controller's Office terminates the agreement.

Return this completed form to:

State Controller's Office
Attn: Local Reimbursements Section
Local Government Programs and Services Division
3301 C Street, Suite 700
Sacramento, CA 95816
TEL (916) 324-7876, FAX (916) 323-6527

**REQUISITION NO. 1 FOR THE HEARTLAND ACCOUNT OF
THE WORKING CAPITAL FUND**

The undersigned authorized representative of Heartland Charter School, a California nonprofit public benefit corporation (the “Borrower”) hereby requests Wilmington Trust, National Association, as trustee (the “Trustee”) under that certain Indenture, dated as of February 1, 2019 (the “Indenture”), between the California School Finance Authority and the Trustee, to pay to the Persons (which can be the Borrower itself) listed on Schedule I attached hereto, the amounts shown for the purposes indicated from the Heartland Account of the Working Capital Fund established and maintained under the Indenture.

The Borrower hereby certifies that (a) there has not been filed with or served upon the Borrower any notice of claim of lien, or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in this Requisition, that has not been released or will not be released simultaneously with the payment of such obligation, and (b) no Event of Default has occurred under the Loan Agreement.

All payments shall be made by check or wire transfer in accordance with payment instructions contained in Schedule I and the Trustee shall have no duty or obligation to authenticate such payment instructions or the authorization thereof.

Dated: _____

HEARTLAND CHARTER SCHOOL, a
California nonprofit public benefit corporation

By: _____
Anthony Miranda
President

SCHEDULE I

[See Attached.]

[\$[PAR AMOUNT]
CALIFORNIA SCHOOL FINANCE AUTHORITY
REVENUE NOTES
(INSPIRE CHARTER SCHOOLS)
SERIES 2019A (TAXABLE)

REQUISITION NO. 1

(Costs of Issuance Fund)

Dated: February 8, 2019

The undersigned, authorized representatives of Inspire Charter School – Los Angeles (“Los Angeles”), Inspire Charter Schools – Winship-Central (“Winship-Central”), Clarksville Charter School (“Clarksville”), Pacific Coast Academy formerly d/b/a Learning Latitudes Charter School (“Pacific Coast”), and Heartland Charter School (“Heartland” and together with Los Angeles, Winship-Central, Clarksville, and Pacific Coast, the “Borrowers”) hereby request Wilmington Trust, National Association, as trustee (the “Trustee”), under that certain Indenture, dated as of February 1, 2019 (the “Indenture”), between the California School Finance Authority (the “Authority”) and the Trustee, and with respect to the above-captioned notes (the “Notes”), to pay to the persons listed on Schedule I attached hereto, the amounts shown for the purposes indicated from the Costs of Issuance Fund established and maintained under Section 5.07 of the Indenture.

The Borrowers hereby certify that obligations in the stated amounts have been incurred by the Borrowers and are presently due and payable and that each item is a proper charge against the Costs of Issuance Fund and has not been previously paid from said fund or account.

All payments shall be made in accordance with the payment instructions set forth on Schedule I attached hereto, and the Trustee shall have no duty or obligation to authenticate such payment instructions or the authorization thereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Dated as of the date first written above.

HEARTLAND CHARTER SCHOOL,
a California nonprofit public benefit corporation

By:

Anthony Miranda
President

Schedule I

(COSTS OF ISSUANCE FUND REQUISITION)

[Attach closing memorandum of the underwriter]