

LIMITED OFFERING MEMORANDUM

\$27,500,000

CALIFORNIA SCHOOL FINANCE AUTHORITY EDUCATIONAL FACILITIES REVENUE BONDS (TRI-VALLEY LEARNING CORPORATION PROJECT), SERIES 2012A

INTRODUCTION

General

This Limited Offering Memorandum, including the cover page and Appendices hereto (the "Limited Offering Memorandum"), is provided to furnish information with respect to the sale and delivery of \$27,500,000 aggregate principal amount of Educational Facilities Revenue Bonds (Tri-Valley Learning Corporation Project), Series 2012A (the "Bonds") of the California School Finance Authority (the "Authority"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture (defined below).

The Bonds

The Bonds will be issued pursuant to 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 an Indenture, dated as of October 1, 2012 (the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"). The Bonds will bear interest on each June 1 and December 1, commencing December 1, 2012 (each an "Interest Payment Date") and will be subject to redemption prior to maturity as set forth under "THE BONDS – Redemption of Bonds" herein.

Proceeds of the Bonds will be (a) loaned (the "Loan") to the Livermore Valley Charter School and Livermore Valley Charter Preparatory High School, both operating as Tri-Valley Learning Corporation, a California nonprofit public benefit corporation (the "Borrower") pursuant to a Loan Agreement, dated as of October 1, 2012 (the "Loan Agreement"), between the Authority and the Borrower, and applied to finance the acquisition, construction, improvement and equipping of certain public charter school facilities to be used and operated by the Borrower as a charter school (as more fully described herein, the "Facility" or "Facilities"); (b) used to fund the rent payable by the Authority under the Site Lease, dated as of October 1, 2012 (the "Site Lease"), between the Authority, as lessee and Montevina Phase I, LLC, as lessor; (c) used to fund a debt service reserve fund for the Bonds; and (d) used to pay certain costs of issuance of the Bonds and costs of delivery of the Montevina Leases (as defined herein). Simultaneously with the execution, delivery and recordation of the Site Lease, the Authority will enter into a Sublease, dated as of October 1, 2012 (the "Sublease"), between the Authority, as sublessor and the Borrower, as sublessee. See "THE PROJECT" and "APPENDIX A: INFORMATION CONCERNING THE PROJECT AND THE BORROWER" herein.

Security for the Bonds

The principal of and interest on the Bonds are payable solely from all Payments and any other amounts (excluding proceeds of the sale of Bonds) held in any fund or account (other than the Rebate Fund and the Indemnification Fund) established pursuant to the Indenture. Pursuant to the Indenture, all of the Payments (except Payments with respect to the Intercept, as described below) and other amounts (excluding proceeds of the sale of Bonds) held in any fund or account (other than the Rebate Fund and the Indemnification Fund) established pursuant to the Indenture and all of the right, title and interest of the Authority in, to and under the Loan Agreement (except for the Retained Rights, as defined under "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – The Loan and the Sublease") are pledged to the Trustee for the benefit of the Holders from time to time of the Bonds. The Trustee will be entitled to and will receive all of the Payments, and any Payments collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee.

“Payments” under the Indenture means (i) all moneys (except any money received to be used for the payment of Administrative Fees and Expenses) received by the Trustee with respect to the Intercept (as discussed below), (ii) all moneys, if any, received by the Trustee directly from, or on behalf of, the Borrower, pursuant to the Loan Agreement (excluding Additional Payments as defined herein), (iii) all moneys, if any, received by the Trustee directly from, or on behalf of, the Borrower, pursuant to the Sublease (excluding Additional Payments as defined herein) and (iv) all income derived from the investment of any money in any fund or account established pursuant to the Indenture. Payments does not include Subsidy Payments (as defined below). All Payments shall be held in trust for the benefit of the Holders from time to time of the Bonds but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture.

As further security for the Bonds, in connection with the issuance of the Bonds, the Borrower will provide instructions to the State Controller’s Office (the “Controller”) to make an apportionment to the Trustee in amounts and on dates provided in a written notice (the “Intercept Notice”) sufficient to repay the Bonds and pay necessary and incidental costs. Funds received by the Trustee pursuant to the Intercept described in clause (i) of the definition of Payments will be held in trust and will be disbursed, allocated and applied solely for the uses and purposes set forth in the Indenture, including if necessary, the payment of debt service on the Bonds. Under state law, no party, including the Borrower or any of its creditors will have any claim to the money apportioned or to be apportioned to the Trustee by the State Controller pursuant to the Intercept. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Intercept” and “RISK FACTORS – Bankruptcy” below.

THE PROJECT

General

At present, the Borrower operates two charter schools at leased facilities from the Livermore Valley Joint Unified School District pursuant to Proposition 39.

The “Project” consists of the acquisition, leasing, construction, improvement and equipping of the Facilities (including, but not limited to, the improvement of certain of the existing buildings into classrooms and administrative spaces and the construction of hard courts and a multiple purpose field for athletic and extracurricular use), which will house the Livermore Valley Charter School (“LVCS”), grades K-8, and athletic facilities for LVCS and Livermore Valley Charter Preparatory High School (“LVCP”), grades 9-12. See “APPENDIX A: INFORMATION CONCERNING THE PROJECT AND THE BORROWER” herein for more information.

Upon completion of construction, LVCS will vacate the current facility located on Sonoma Avenue in the City of Livermore and will move to the new site described below. LVCP will remain at its present location at 2451 Portola Avenue in the City of Livermore. See the Location Map on page 5 for more information about the location of these sites.

The Borrower intends to acquire or lease or sublease 16 office buildings totaling 98,400 square feet on 9.88 acres (the “Campus Buildings”) and the adjoining vacant 12.4-acre parcel (the “Campus Lot”) located on North Canyons Parkway at its intersection with Constitution Drive in the City of Livermore (collectively, the “Montevina Campus”). The owner of 14 of the 16 Campus Buildings (the “Montevina Buildings”) and the entirety of the Campus Lot have agreed under the Site Lease and the Limited Obligation Site Lease, dated as of October 1, 2012 (the “Subordinate Site Lease”), between Montevina Phase II, LLC and the Authority, to lease such Facilities to the Authority, who will sublease such Facilities to the Borrower pursuant to the Sublease and the Subordinate Sublease, dated as of October 1, 2012 (the “Subordinate Sublease”), between the Authority and the Borrower. “Phase I” consists of the lease and sublease of 12 of the 14 Montevina Buildings (the “Phase I Montevina Buildings”). “Phase II” consists of the lease and sublease of the remaining two Montevina Buildings (the “Phase II Montevina Buildings”) and the Campus Lot. After the term of such leases, the current owner will convey fee title in the Facilities, free and clear at the end of the 23-year lease term (the term length allowed under the Qualified School Construction Bond (“QSCB”) rules). The Site Lease, the Subordinate Site Lease, the Sublease and the Subordinate Sublease are collectively referred to herein as the “Montevina Leases.” As further described below, the Borrower intends to acquire fee title to the 15th Campus Building (the “Administration Building”), with proceeds of the Bonds, and to lease the remaining 16th Campus Building (the “Rental Building”) from its owner, which lease will not be financed with proceeds of the Bonds.

The Campus Buildings located on the Montevina Campus comprise one and two-story office buildings ranging in size from 3,600 to 13,200 square feet, averaging 6,560 square feet per building. The Montevina Buildings to be leased and subleased pursuant to the Montevina Leases have never been sold and are in shell condition with no interior walls, finished ceilings, bathrooms, or floor coverings, but the electrical panels and roof-mounted HVAC units have been installed. Four of the Montevina Buildings are two-stories with installed elevators. The Administration Building, located at 3252 Constitution Drive, will be acquired by the Borrower through financing with proceeds of the Bonds. The Rental Building, located at 3110 Constitution Drive, will be leased by the Borrower from such building's owner. Such lease of the Rental Building will not be financed with proceeds of the Bonds.

The Borrower acquired a conditional use permit for use as a school on the Montevina Campus on February 1, 2011. The required construction permits will be acquired by the City of Livermore upon the closing of this financing and payment to the contractors.

At the date of delivery of the Bonds, Montevina Phase I, LLC and Montevina Phase II, LLC will be owned in their entirety by Anthony Cone and Mark Holmstedt, who are principals of Westhoff, Cone & Homstedt, the underwriter of the Bonds.

Acquisition and Construction Costs of the Facilities

Structures currently on the Facilities site will be renovated for use as school buildings. The costs of the Facilities are estimated by the Borrower to be approximately as follows (including contingencies):

Acquisition of Land and Buildings	
Phase I Montevina	\$ 7,400,000
Phase II Montevina	15,000,000
Administration	3,140,000
Improvements	13,000,000
Design, Engineering, Legal and Other	
Consultants	1,273,000
Total	<u>\$39,813,000</u>

Source: The Borrower.

Construction Contract and the Contractor

The Borrower initially expected to begin construction in June 2012 and to complete construction by September 2012 in time for occupancy in the fall of 2012. Due to various reasons, the acquisition of the Montevina Campus and construction and renovation therein were delayed. The Borrower has worked with its design and construction team to accommodate such delay. As a result of the revised plan and scheduling, the Borrower expects to start the upcoming school year at the two currently leased school facilities for LVCS and LVCP, which facilities can accommodate the enrolled student population until the Borrower is able to occupy the Montevina Campus. The Borrower plans to move to the Montevina Campus in January 2013, after the winter holiday. If necessary, the Borrower is able to defer noncritical elements of construction to future breaks in the academic calendar to avoid disruptions to school operations. In the event that there are further delays and the Montevina Campus is not ready for school operations by January 2013, the Borrower can maintain its leases on both of the current facilities for LVCS and LVCP.

When construction commences, it is expected that the Facilities will be renovated by Devcon Construction Incorporated (the "Contractor") of Stockton, California under a Standard Design-Build Agreement (the "Construction Contract") at a maximum price of \$13,000,000. The Construction Contract is only for construction and does not include furnishing the Facilities. The Borrower believes that the fiscal impact from the planned move to the Montevina Campus in January 2013 will not prevent the Borrower from meeting its fiscal covenants associated with the Bonds and the Montevina Leases.

The Contractor was founded in 1976 and in its thirty-six year history, the Contractor has built over 30 million square feet of office, commercial, K-12, higher education and industrial space throughout Northern California. Sales volume for the Contractor in 2011 was approximately \$435 million. For more information about the Contractor see "APPENDIX A: INFORMATION CONCERNING THE PROJECT AND THE BORROWER -- THE PROJECT."

Appraisal of Facilities

Phase I and Phase II were appraised on May 18, 2011, by CB Richard Ellis. The appraisal includes the Administration Building which will be acquired in fee simple upon the delivery of the Bonds and is fully built out and functional. The total appraisal value of the property in Phase I and Phase II being acquired by the Borrower is \$19,275,000. This appraisal value does not consider the improvements to the Montevina Buildings, which will be completed with proceeds from the Bonds, or the construction of athletic fields and facilities.

A summary of the appraisal report is available upon request from the Borrower, currently located at 2451 Portola Avenue, Livermore, California.

Environmental Status and Report

A "Phase I Environmental Site Assessment" was conducted by Tetra Tech EM Inc., dated March 5, 2007 (the "2007 ESA Report"), prior to the construction of the 16 buildings located on the Montevina Campus. The 2007 ESA Report concluded that the site in question had no recognized environmental concerns. At the request of the Borrower, R&M Environmental and Infrastructure Engineering, Inc. prepared an update to the 2007 ESA Report, dated November 23, 2010 (the "2010 ESA Report"), to take into account, among other things, changes in the condition of the Montevina Campus as well as changes, if any, in the neighboring land uses that may have brought about or can potentially bring about recognized environmental concerns. The 2010 ESA Report confirms the finding of the 2007 ESA Report of the absence of "recognized environmental conditions" as defined in the American Society for Testing and Materials Standard Practice E 1527-05, Standard Practice for Environmental Site Assessment Practice.

Tri-Valley Learning Corporation Location Map



Montevina Campus Site

**Tri-Valley Learning Corporation
Aerial View of Project Site (Montevina)**



The Montevina Campus is shown in the photo above. The Campus Buildings are located immediately below the open space in the center of the picture and bounded by the court on their right. The green, vacant land to the right of the court is the Campus Lot and represents a portion of Phase II.

THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds for the complete text thereof and to the Indenture for all of the provisions relating to the Bonds. The discussion herein is qualified by such reference. For a summary of the Indenture, see "APPENDIX C: SUMMARY OF PRINCIPAL DOCUMENTS" herein.

Authority for Issuance; Purpose

The Bonds are issued pursuant to the Act, resolutions adopted by the Authority and the Borrower, and the Indenture to fund (i) a loan to the Borrower to finance the acquisition, construction, improvement and equipping of certain public charter school facilities to be used and operated by the Borrower as a charter school; (ii) the rent payable by the Authority under the Site Lease; (iii) a debt service reserve fund for the Bonds; and (iv) certain costs of issuance of the Bonds and costs of delivery of the Montevina Leases.

General

The Bonds are being issued in the aggregate principal amount set forth on the cover of this Limited Offering Memorandum. The Bonds will be initially delivered as registered Bonds in denominations of \$250,000 and any integral multiple of \$5,000 in excess thereof (the "Authorized Denominations"). The Authorized Denominations may be modified subject to meeting the requirements outlined in "TRANSFER RESTRICTIONS" below.

The Bonds will be dated their dated date of issuance and will bear interests at the rate set forth on the inside cover page hereof from their dated date. Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable in arrears on each Interest Payment Date. The Bonds will mature in the amounts and in each of the years as set forth in the inside cover page hereof.

The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (the "Depository"), and will be evidenced by one Bond for each maturity in the total aggregate principal amount of the Bonds of such maturity. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except as set forth in the Indenture. So long as Cede & Co. is the registered owner of the Bonds, as nominee of the Depository, references herein to the bondholders, holders or registered owners will mean Cede & Co. as aforesaid and will not mean the "beneficial owners" of the Bonds.

The principal of and interest on the Bonds will be payable in lawful money of the United States of America upon surrender at the Principal Corporate Trust Office of the Trustee. The interest on any Bond will be payable to the person whose name appears on the registration books of the Trustee as the registered owner thereof as of the close of business on the fifteenth day of the calendar month immediately preceding the Interest Payment Date (the "Record Date"), such interest to be paid by check mailed by first class mail, postage prepaid, on the Interest Payment Date, to the registered owner at his or her address as it appears on such registration books. Notwithstanding the foregoing, however, any holder of all the Bonds and any holder of \$1,000,000 or more in an aggregate principal amount of the Bonds will be entitled to receive payments of interest on the Bonds held by it by wire transfer of immediately available funds to such bank or trust company located within the United States of America as such other holder will designate in writing to the Trustee by the first Record Date for such payment. So long as Cede & Co. is the registered owner of the Bonds, principal of and interest on the Bonds are payable in same day funds by the Trustee to Cede & Co., as nominee for the Depository.

Any interest not punctually paid or duly provided for will thereafter cease to be payable to the bondholder on the Record Date and will be paid to the person in whose name the Bond is registered at the close of business on a date established by the Trustee pursuant to the Indenture as a record date (the "Special Record Date") for the payment of such defaulted interest. The Special Record Date will be fixed by the Trustee, notice thereof being given to the bondholders not less than 10 days prior to such Special Record Date.

Form and Registration of Bonds

Individual purchases of the Bonds will initially be made in Book-Entry form only under the Book-Entry System, in Authorized Denominations. Except in the event that use of the Book-Entry System is discontinued for the Bonds, Beneficial Owners (defined herein) will not receive physical certificates representing their ownership interests in the Bonds. Principal of and interest on the Bonds will be paid by the Trustee to DTC, which will in turn remit such principal and interest to its Participants (defined herein), for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred or exchanged in the manner described in the Bonds and as referenced in the Indenture. See “APPENDIX E: BOOK-ENTRY SYSTEM” herein.

Transfer of Bonds

The Bonds will be issued in book-entry only form, as described in the preceding paragraph. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred, except as provided in the Indenture: (i) to any successor of Cede & Co., as nominee of DTC, or its nominee, or to any designated substitute depository, (ii) to any substitute depository selected by the Authority upon (1) the resignation of DTC or its successor from its function as depository, or (2) because DTC or its successor is no longer able to carry out its function as depository; or (iii) to any person as provided in the Indenture upon (1) the resignation of DTC or its successor from its function as depository, or (2) a determination by the Authority to remove DTC or its successor from its function as depository. Transfer of the Bonds is restricted as described in “TRANSFER RESTRICTION” herein.

Redemption of Bonds

Extraordinary Optional Redemption From Insurance and Condemnation Proceeds. The Bonds are subject to redemption prior to their stated maturity, at the option of the Borrower as a whole or in part on any date from moneys required to be transferred from the Insurance and Condemnation Proceeds Fund to the Redemption Fund at a redemption price equal to the principal amount thereof together with interest accrued thereon to the date fixed for redemption, without premium. See “APPENDIX C: SUMMARY OF PRINCIPAL DOCUMENTS – THE LOAN AGREEMENT – Maintenance, Taxes, Insurance and Condemnation” herein.

Extraordinary Optional Construction Related Redemption. The Bonds are also subject to redemption in part prior to their stated maturity, at the option of the Borrower, from amounts transferred from the Project Fund following completion of the Project in accordance with the Indenture. See “APPENDIX C: SUMMARY OF PRINCIPAL DOCUMENTS – THE INDENTURE – Funds – Project Fund.”

Optional Redemption. The Bonds maturing on or after June 1, 2032 are also subject to redemption prior to their respective stated maturities, at the option of the Borrower (a copy of which request shall be delivered to the Trustee not less than thirty-five (35) days prior to the date fixed for such redemption, or such shorter period as agreed to in writing by the Trustee in its sole discretion), from any amounts in the Redemption Fund, in whole or in part on any date on or after June 1, 2022, at a redemption price equal to 100% of the principal amount of the Bonds called for redemption, plus accrued interest to the date fixed for redemption.

Mandatory Sinking Account Redemption. The Bonds maturing on June 1, 2022 are also subject to redemption prior to their respective stated maturities in part, by lot, from Mandatory Sinking Account Payments established pursuant to the Indenture on June 1 in each of the years and in the respective principal amounts set forth in the following schedule, at a redemption price equal to the principal amount thereof together with interest accrued thereon to the date fixed for redemption, without premium:

Mandatory Redemption Date (June 1)	Principal Amount
2021	\$125,000
2022*	375,000

* Final Maturity